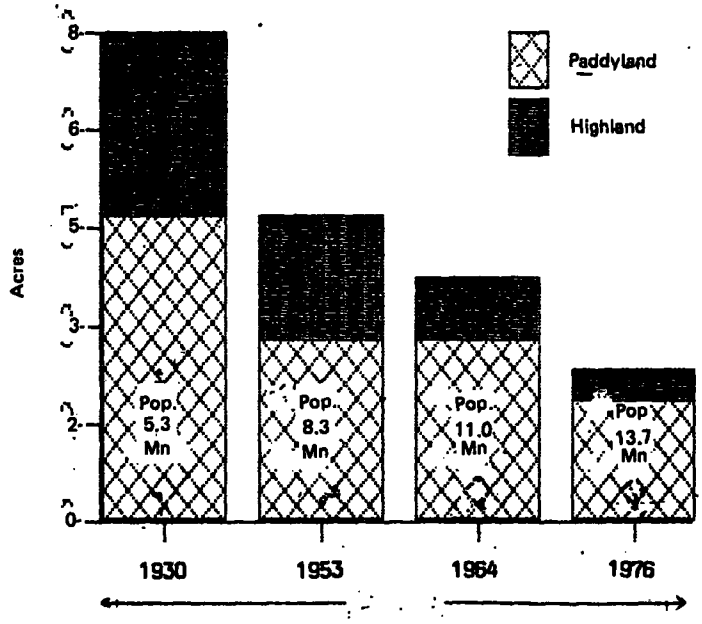
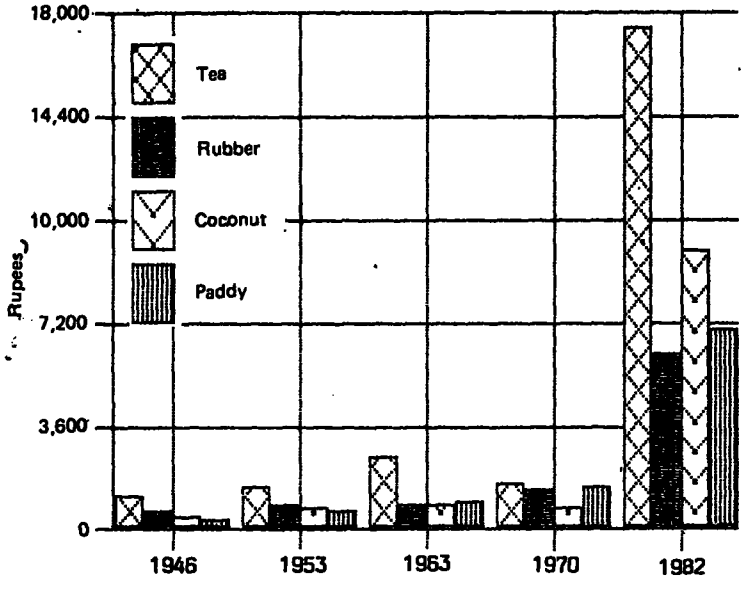
SIZE OF SETTLER ALLOTMENT



RETURN FROM FOUR PRINCIPAL CROPS



LAND SETTLEMENT IN SRI LANKA

Land settlement and land reform measures in most developing countries have attempted to improve the lot of their rural peasantry. In many such countries social unrest and inequities in their society are traced to landlessness or to the insecure and inequitable system of land tenure. Such situations have stirred the conscience of their rulers to action and resentment among the majority of the rural population who feel that they have no stake in the land and are unable to receive a fair share of the fruits of their labour. It is in this context, in varying degrees of urgency, that land settlement and land development in Sri Lanka, over the last one and a half centuries, have been concerned mainly with the need to raise the economic and social status of rural poeple, particularly the peasantry - the small farmers and the landless. The burden of implementing policies to achieve these objectives have rested with government sponsored settlement schemes, since the lands to be opened up for settlement were state owned and it was only governments that could offer the necessary incentives and supporting facilities for new settlements. Even today there is an abiding concern with 'small farmer policies' and the old notion of government sponsored settlement schemes continues to be regarded as the most acceptable method of implementation.

Many reviews of past land settlement policies have shown clearly that in several developing countries the same kinds of projects, containing on the surface at least the same kinds of 'mistakes', appear to have been steadily replicated time and again. An economist who visited Sri Lanka, David Dunham, in an analysis of this situation has shown that such land settlements are costly compared to many other agrarian policies, offering low rates of return on the capital invested; they often register disappointingly low output levels; they are administratively top heavy; they frequently suffer from internal social problems, and they often have fairly high rates of physical desertion. On the whole, the record of these schemes would seem to have been "bad". Dunham adds that "Sri Lankan experience, stretching back as it does to the nineteenth century, is in no real sense an exception to the overall pattern. Its settlement projects have in general proved to be costly, and in practice they have tended to be implemented without any rigorous means of financial control". To see the issues in proper perspective it is necessary to look back on the early attempts at formal land settlement and land development.

The earliest settlements in Sri Lanka, which began around 300 B.C.

and extended upto the 12th century AD, were concentrated in the Dry Zone, where rice became the staple crop. By the first century AD large scale irrigation works were being built, and the first five centuries of this era are considered "the most creative and dynamic era in the history of irrigation activities in Sri Lanka". The response of the Dry Zone civilisation to the environmental conditions in this region is evident even today in the land use pattern it created.The number of tanks in the Dry Zone may be regarded as one index of the intensive land use in specific areas. For instance, agriculture in this area was determined, by and large, by the physical characteristics of the land.

In these early times it is true that the king had certain claims over most of the land in his kingdom and there is evidence of the "rights" of individuals with regard to land. The tank became an essential feature of ancient villages in Sri Lanka and the rights of villagers to the use of this land for cultivation came to be based on customs and traditional principles in Sri Lanka. This system of land use under village tanks ensured social equity through a fair and equal access to irrigation water and land. The principle in the ancient village system was to ensure a yield from the land and that every villager had the right to enjoy the fruits of cultivation. This system was a definite inducement for all in the village to engage in the development of land and the irrigation network. Around the 9th century, with the maturity of the hydraulic civilisation "private rights" to property seem to have been more clearly established. Dry Zone lands, however, were generally held and administered by the village society and absolute ownership of individuals in traditional villages and the issuing of title deeds of land began only at the end of the 19th century. The villagers formed their own village committees and evolved their own codes for the management of water and development of land. This form of land use pattern in Sri Lanka was greatly affected by the policies that followed under Colonial rule.

From about the middle of the 13th century began the de-population of Dry Zone with the break up of the Sinhala kingdom at Polonnaruwa. During the period 1,200-1,500 AD there was a movement and shift of population to the wetter South Western part of the country, to the part adjoining the Dry Zone, called the intermediate zone. By the time the first European colonial power came into contact with Sri Lanka the Wet Zone lowlands had been settled. The three colonial powers, the Portugeese, the Dutch and the British, concerned themselves mainly with agriculture which was beneficial to their trade. Till the 1850's little concern was paid to the welfare and encouragement of traditional agriculture by the British. A change began under Governor Ward (1855-60) who initiated restoration of irrigation works and attempts at rehabilitation of the Dry Zone and his was the first British attempt towards mitigating the neglect of peasant agriculture. However, his programme of irrigation activity tended to convert irregularly cultivated land to regular cultivation; rather open new areas to peasant agriculture.

The Crown Lands Encroachment Ordinance of 1840

During British rule in the 19th and 20th centuries, the conditions of the peasantry in Sri Lanka underwent several changes. There were mild attempts at land development and settlement even before this, in the colonial period, when the Dutch restored some ancient irrigation tanks such as the Amparai Tank in the Eastern Province. However, formal land settlement, specifically settling title to land, was initiated by the British with the enactment of the Crown Lands Encroachment Ordinance No 12 of 1840. The enforcement of law and order and a control of the land as a state owned resource was basic British policy at the time, though positive measures to develop the peasant sector clearly did not figure in this policy. In fact, the introduction of this Ordinance in 1840 meant that the state had begun to interfere with the traditionally owned lands and rights of the peasantry. In terms of this Ordinance all forest, waste, unoccupied or uncultivated lands were presumed to be the property of the Crown until the contray was proved. This presumitive right of the Crown meant that most of the land in the Wet Zone, particularly in the Kandyan areas where land was used as chenas, for village pasture, forests and village expansion purposes was declared Crown Land. Possession of land was granted on the condition that it had been continuously cultivated for 30 years. Land deemed to belong to the crown was disposed off on an "application system" and this system came to be continued as "Land Kachcheris". It is evident that the Ordinance was designed for those who had the capital resources for land development, and particularly in the Central Highlands and Wet Lowlands it made a vital contribution towards the formation of the country's plantation economy. In the Dry Zone regions of the Northern, North Central and Eastern provinces, however, the effects of this Ordinance were different. These areas were comparatively sparsely populated and when the thousands of acres in these regions came under the Crown not many people felt it then. What in fact happened was that over hundred years later it was possible to make available all these vast extents of once fertile paddy lands for development on a planned basis, though the British never thought of it then.

Generally the peasants in rural Sri Lanka were greatly affected by this policy. Access to land in the villages had been based on tradition through generations; and the right to enjoy the benefits of the land were not dependent upon a title to property. Land which was traditionally culti-

vated by the villagers through birth right, was now suddenly referred to as crown land. Discontinuity in terms of legal rights for cultivation of the lands was a disincentive to cultivate for many peasants. This policy not only jeopardized the traditional modes of possession but also created disunity in rural communities.

The ancient village leader the 'Gamarala' was replaced by a person in a newly created position namely Vel Vidane. The 'Gamsabahawa' which was the most powerful village level body, was smothered by the centralized administrative machinery - the kachcheri system. To re-establish the irrjgation discipline a complicated machinery of formal tribunals operating under provincial Government Agents was introduced.

The structure of the administration in rural areas was geared to serve the colonial needs of the British, that is, to gain control over the land and people. The set up was rigid and bureaucratic with a chain of command going right down from the top, that is, to the village headman and vel-vidane at the village level. The Government Agent was the chief government official, and he had the power to enforce rules and regulations.

The other measure was resolving the question of irrigation water by enactment of an Ordinance. According to the Irrigation Ordinance No. 9 of 1856 farmers themselves were required to do the earth clearing work and the officials were supposed to supervise each irrigation work. This step, however, was confined to the Ordinance. Instead of providing the necessary facilities and management for the cultivation of land under the irrigation system, it adversely affected the irrigation system in the Dry Zone. The irrigation water which was originally freely and equitably enjoyed by the villagers, was brought under rigid control under a set of rules and regulations. The reaction to these rules was negligence of their village tanks and irrigation system. The situation had been reported to the Governor, Sir John Ward by villagers as follows:

"The irrigation system had been used in a destructive manner, there was no reconstruction of any farms; the number of people forced into a state of misery in a degenerated economy had increased. The tanks were becoming shallow and their capacity to hold water was thus reduced. The peasants themselves had neglected the valuable principles of the past reconstruction and repair of the tank and maintenance of channels. They did not maintain tanks and channels in good condition and neither did they co-operate. Frustrated peasants began to cut down the tank bunds selfishly in order to ensure a supply of water. And when the location of anicuts was inconveniently located the peasants cut down holes at different places of the bund; nearest to their paddy fields. The whole irrigation system deteriorated" (Baily 1952).

Paddy Cultivation Ordinance of 1857

The next step taken by the government to overcome this situation was the introduction of the Paddy Cultivation Ordinance of 1857 which provided for the take-over by the government of repairs of those systems where restoration was delayed. The cost incurred by the government in this connection had to be reimbursed by the villagers in instalments within 10 years. These efforts, however, were not as successful as expected. The peasants rejected this Ordinance and the revenue officers too asked the central government to modify it, on the grounds that even though restoration work was carried out, the peasants were unable to repay the expenses in instalments. On the whole, this Ordinance was not relevant to the areas inhabited by poverty stricken peasants. Therefore, in 1873 a new amending Ordinance in terms of which the peasants themselves could select a convenient method of repaying the cost of tank restoration was enacted. But still there was no improvement of conditions in most parts of the dry zone.

Government Experiments in Irrigation Settlement

One of the earliest government experiments in irrigation settlement schemes was the Kalawewa settlement in 1887. The British administrators tried to develop this schemewithin the capitalist framework of the plantation agriculture in the wet zone. But, there were also other prototypes. According to the sessional paper of 1892 this settlement scheme was carried out as an experiment following the contemporary Indian experience in Punjab. The intention behind the project did not guarantee that proper concern was given to local conditions.Attention was for example, not given to the cropping pattern and irrigation practices of the Dry Zone peasants. Apart from the local population, settlers were selected from the people outside the area where there was a surplus of labour. The government provided them free transport, a means of subsistence for six months, a dwelling house, free seed materials and agricultural implements as aid. Jungle clearing was attempted by employing local labour. Tamils and low country Sinhalese were grouped in batches. With the emergence of this organization various kinds of dis-unity between different racial groups and disputes between colonists and villagers began to appear. Tamils brought down from Jaffna went back, leaving behind the facilities provided to them by the government. With the settlement of low country Sinhalese a type of society alien to the traditional social and economic order emerged. The ultimate result of this social conflict was that many who had reclaimed land in the colony returned to their homes. Others left the area due to sickness, and dissatisfaction from not getting the land free. When the Kalawewa experiment failed, the remaining land was alienated among private applicants according to the Ordinance enacted in 1840. Most of that land went to landlords and the poor peasants who were genuinely interested in cultivation became their tenants.

It is apparent that there were no genuine efforts at "aided" colonisation on a wide scale during this period. Those with capital were sold the land under the restored tanks, and this gave the peasants no chance of bidding for the land. Some peasants illegally squatted on Crown Land, which influenced the enactment of the Waste Lands Ordinance of 1897.

Government policy and its interest at that time was to expand plantation sector activities which was unswervingly devoted to the mercantilist ideology. Most of the construction work carried out by the British administrators during the 19th century were in some ways connected with upcountry plantation agriculture. A major part of this was on the development of highways between the upcountry and Colombo. Table 1 below shows the limited government expenditure on Dry Zone development.

Table 1

PUBLIC EXPENDITURE ON MAJOR PROVINCES OF THE WET ZONE AND DRY ZONE PROVINCES (FIVE YEAR AVERAGE)

Year	Wet Zone Provinces		Dry Zone Provinces	
	Value (Rs '000)	Percentage	Value (Rs '000)	Percentage
1875-1879	3019	61.8	1094	20.4
1880-1884	1676	65.6	471	18.4
1885-1889	1189	47.9	696	27.3
1890-1894	1936	50.4	793	20.5
1900-1904	2485	55.9	688	16.0
1905-1909	2635	56.0	877	18.8
1910-1914	4254	62.3	953	12.8

Source: *Ceylon Blue Books.*

During the first World War the export-import economy of Sri Lanka showed signs of collapse, and while the population increased the country faced a serious shortage of food. As a result the special attention of the government was directed to the Dry Zone as the only alternative to solve the food problem. Settlement of people on crown land in the Dry Zone was accelerated. Private entrepreneurs and companies were provided with facilities to obtain as much land as they required in the Dry Zone to grow food crops. However, this new scheme of the government did not succeed. A project given to the Ceylon Mill Company in 1920 under the Kalawewa scheme failed by 1922. In 1919 about 9,100 acres from Minneriya were made available for cultivation. This too failed within a short period. In 1921 the Low Country Products Association started paddy cultivation under the Kirindi Oya scheme. Despite all the government encouragement this project also ended up in failure. The main reason for the failure of this project was the internal barriers to the new system of development leading to capitalist farming and industrialisation in Sri Lanka, which was a major contradiction of the government's agricultural policy. The agrarian structure and socio-economic characteristics of the rural Sector were not suitable for company based farming because of the poor infrastructure, lack of transport, inadequate irrigation water, poor management and unsuitable methods adopted without proper planning. It was against this background that the 'state aided' peasant resettlment was strengthened.

The land policy formulated in the 1920's laid the foundations for future settlement projects in Sri Lanka. Around this time settlement policy was directed towards disposal of land on easy terms, establishment of the peasants upon the land, development of markets for their produce, raising their standards of living and easing the pressure of population in the congested areas of the Wet Zone. It was around this time that the unique method of settlements, called the "peasant proprietor system" was established. Under this system,first tried out in the Eastern Province, peasants could obtain land for food production on conditions that enabled them to preserve the ownership of the land.But this gave speculators an opportunity of using the peasants to obtain land and the system failed to work satisfactorily and the peasants did not seem to benefit. The outcome was the appointment of a Land Commission in 1925, which submitted its report in 1929. This report proved to be a turning point in aided colonisation and all subsequent settlement projects were primarily based on its findings.(See Box on page 7)

Government Sponsored Settlement Programme after the 1930's

During the 1930s the Dry Zone of Sri Lanka became the leading area of the government's development programme and policies. One of the main strategies was the opening up of irrigation settlements.Government sponsored Colonisation Schemes and peasant families were given land by the government under different irrigation schemes. Several economic, social and political factors influenced the acceleration of this development in the 1930's.

a) The situation within the plantation agriculture sector of the wet zone deteriorated with the rapidly declining trend in export earnings. The wet zone plantation economy which had contributed a large part of the GNP could no longer maintain its population properly and many were simply "pushed" out.

b) Declining export earnings affected imports which created a severe shortage of food. The rapid increase of population and the growing demand for food stimulated migration to the Dry Zone.

c) Comprehensive investigation of the government land policies and important recommendations for future changes of the

LAND COMMISSION 1925

The appointment of a Land Commission (1925) and the Commission's Report (1929) was the turning point in aided colonization, and many features of the current peasant settlement projects are primarily based on its findings.

The Land Commission's main recommendations were as follows:

1. The main objective of settling people should be the preservation of the peasantry;
1. the main objective of settling people should be the preservation of the peasantry;
2. the government should sponsor disposal of Crown Land through a special officer, the Land Commissioner;
3. land should be 'mapped out' before disposal. This invqlves a sys tematic study of an area and the demarcation of Crown Land for various purposes e.g. village forests and pasture, village expansion, public purposes, colonisation and so on.
4. three types of tenure which land should be disposed of:
   (a) Outright grants; the system is to be operated in areas where the peasant is free from land speculators, creditors and others,
   (b) Lease under the Peasant Proprietor system to be continued in the Eastern Province, and to be initiated in some other areas too,
   (c) Peasant tenure under specific conditions so that he cannot sub-divide below a given size, dispose or mortgage the land.
5. the large and increasing educated class should be encouraged to go back to the land and be usefully employed in agriculture rather than drift into unemployment.

land and irrigation programmes had been given in the Report of the Land Commission 1929. Suggestions were made to change government policies in order to protect the peasantry. The recommendation of this report were adopted as a policy guideline by the government.

d) In 1931 a separate Ministry called the Ministry of Agriculture and Lands was introduced, and power of policy formation had been transferred to the first Ceylonese Minister Mr.D.S.Senanayake who headed this Ministry. Since then attempts were made to implement a national development plan which had long term agricultural development as its basic objective.

As a result of the above factors, colonisation programmes in the Dry Zone were strengthened. There was a breakthrough of the colonisation policies in the 1930s and the settlement of people in large irrigation schemes were implemented to achieve the following objectives:

a) Increase food production, particularly paddy, by opening up irrigable land.

b) Relieving population pressure of the densely populated wet zone as well as the southern parts of the country by shifting the landless unemployed population to the dry zone areas in which land and irrigation water could be provided.

c) Provision of employment opportunities to the increasing population.

d) Protection of the peasant farmers as a class.

e) Promotion of agricultural development in general.

These government sponsored colonies experienced problems which were closely linked either directly or indirectly with other interests of the government as well. The preservation of peasantry through settlement of poor peasants was the only alternative available to eliminate various elements of political instability. Particularly after the 1848 'peasant revolt', the British began to adopt a more cautious attitude towards the rural population. Secondly, the settlement programme was the leading source of employment in the non industrial commodity economy in Sri Lanka which was created by the British. Thirdly, in contrast to the plantation sector profit, Dry Zone agriculture was not attractive for investment and it was only the poor peasants who were able to settle for food production under difficult conditions. In the light of this situation the degree of achievement of the economic objectives were dependent not only on the efficiency and attitudes of the officials but also on the suitability of an administrative machinery to implement the programmes. Moreover, the attainment of these objectives depended on the efficient use of irrigation and land. The policies of colonization were ambitious in many respects. However, it appears that this policy was influenced by the desire to promote general peasant welfare and the attention paid to its practical implications or to production requirements was not enough. This was reflected in the selection of settlers and the concern to solve some of the wet zone problems simultaneously. Even though the government's land policy had at times succeeded in removing some of the traditional features of the peasant sector and made proper physical arrangements, it failed to find solutions to the problems of peasants in terms of productivity of irrigation water and productivity of labour. The new policy was successful first and foremost in finding lands for some of the landless peasants but the procedures followed in cultivation had failed to take stock of the knowledge associated with a modern irrigated agricultural system.

The main reason for these defects was the absence of peasants representatives who could participate in discussions about the new policies and their implementation. Those in the higher positions of the administrative hierarchy were invariably drawn from the elite urban sectors of the community and even if they were supposed to have a rural background, their outlook and interests were based in the main ctities. Their awareness of the reality of the rural peasantry was therefore limited. In the economic background of the 1930s the demand for land was very acute. But not every person who received land utilized it carefully and efficiently. This is, of course, logical since the basic consideration of the authorities in selecting people was population pressure, indebtedness and landlessness. A majority of the peasants selected for land alienation in the Malay settlement located in the Hambantota district, of the South of Sri Lanka, had their basic qualifications as salt collectors of the Hambantota salterns. They did not have permanent jobs, a knowledge of agriculture and had hardly any interest

in agriculture although they were settled as farmers. In this settlement area there was also land which was owned by Muslims who were not engaged in agriculture but who rented it out to Sinhalese tenants. This happened despite all the regulations regarding transfer or sale of settler's land. Although the government reserved the legal right and power to eject any settler who did not cultivate his land, it was not an easy task to take over such land even if the farmer did not do well. Taking over of the land legally alienated under the peasant proprietor system had to be done through legal bodies which required satisfactory legal proof. It was not possible to take-over any land that was being cultivated by tenant cultivators since the agreement between owner and tenant was informal. The Minister for Agriculture and Lands Mr. D.S. Senanayake was unhappy with the situation. His strong and positive attitude towards the peasant proprietor system appeared to be one of the main obstacles to a fuller transformation of the land to peasants. He suggested that the first batch of settlers be taken as an experiment and that this experience be examined to find out whether those farmers were cultivating successfully rather than alienating all the land at once. If the land use by the first batch was not a success there was no need to repeat this alienation programme experiment. Allottees were to be selected on this basis. However, this method could not provide sufficient evidence for understanding the ability and interest of the farmers. This led to a strong commitment of more productive land to experiments. Secondly, in this type of checks and balance process, if further alienation was postponed or prohibited more capable farmers would also be deprived of land.This policy on the other hand was beneficial to the more rich and progressive farmers rather than the poor which was the main target of the settlement programme. Once the land was alienated there was no way of supervising the cultivation work of the farmers. On the whole a widespread malaria epidemic added to the shortcomings of the settlement programmes during 1930-35.

In 1935 an attempt was made to bring the land use practices into a more systematic control, giving legal sanction to the land development and settlement programme of the government by introducing the Land Development Ordinance No. 19 of 1935. It was possible after the enactment of this Ordinance that the gap between tenants and owners of land could be reduced by providing legal protection to the cultivator. No land owner would have the power to deprive a tenant of his ownership to such land. This would encouraged the poor tenant farmers to continue their cultivation and unemployed people in urban areas also could be settled in agriculture. The process of land development was accelerated because after 1936 land alienation was made not only under the protected tenure, but also under the unprotected tenure system.

The government presumed that the middle class farmers would show considerable interest and made substantial investment in cultivating land. However, a middle class farmer was a privileged person who usually did not earn his living by cultivating land; he was a businessman rather than an agriculturist. When land was given to such a person he became a land owner who tended to have his land cultivated by tenant cultivators. It was very rarely that the middle class applicants cultivated land employing family labour. Looking at this trend, the State Council debates as well as other independent observers focussed attention on the question whether this land policy contributed sufficiently to the development of agriculture as expected and whether the actual achievements were sufficient. The major observation was that the rapidly increasing indebtedness and poverty among the settlers was contrary to the expected goals. This was the main reason why the Minister Mr.D.S.Senanayake was concerned and he pointed to the experience of the peasants in the Dry Zone who had been experiencing numerous hardships for decades; he maintained that they wanted not only the land but also a fully equipped settlement. The heated debates that ensued when the Aided Land Colonization Bill was presented by D.S.Senanayake as Minister of Agriculture in 1939 in the State Council reveals a precedence of politics over economics in the concept of the whole idea.

Yet aided colonisation in the Dry Zone did not make much progress. In the Legislative Council criticism of members like Dr N.M.Perera and Mr Philip Gunawardena was harsh on the entire settlement policy. Whether it was the Minneriya scheme, or the Tabbowa scheme in Puttalam district or Pitigala scheme in the Galle district or Deranagala scheme in the Matara district it was found that the performance of most colonists was disapointing. An Economic Survey of the Ministry of Labour, Industry and Commerce, which carried out a detailed investigation into the Tabbowa colonization scheme maintained that there was no clear idea of what the scheme intended to achieve. In this context it stated "A colonization scheme should, as far as possible, serve one clearly defined objective. A mixture of objects is often fatal to success. We should make sure whether our aim is to increase food production or create a peasantry or simply relieve congestion of population in other areas, or do something for unemployed or ill-employed people of the country".

At Nachchaduwa a project where some families were settled on five acres of paddy land each with all the assistance failed for lack of interest among the settlers. Sickness and inability to repay the cash advance also contributed to the failure of the projects. A number of unassisted less ambitous survived but these could not be considered successful tests of land settlement.

The New Policy in 1939

During the 1930's the involvement of the authorities in land and settlement activity broadened considerably. The take-over of the restoration work- at a high capital cost- was of course a very clear indication that peasant labour efforts were not deemed good enough.But there were all types of interventions such as: the construction of irrigation channels, roads, soil research and the provision of engineering services. Subsidies were granted for jungle clearing and for the procurement of agricultural implements. Credit facilities and seed were also provided by the authorities. Hospitals, sales centres and co-operatives were constructed at government expense.

Following the expansion of welfare measures of the government, the farmers tended to become highly dependent on external assistance to carry out even the activities which they could perform with their own labour. With increasing welfare aid and assistance the settlers began to feel that a 'Ready Made Colony' with various kinds of facilities should be given to them by the government. Indeed, this entire policy came to be characterized as "spoon-feeding". With the increasing involvement of the Government, the cost of the irrigation settlement schemes increased faster than their benefits. And the heavy involvement was often coupled with a low discipline. The government had infact to employ outside labourers. For example, at the Minipe settlement scheme the government employed about 1600 labourers for jungle clearing in the allotment of farmers, but only about 20 of them turned up. Most of them did not know how to handle an axe (Record of Colonisation Office 1946).

According to several estimates (B.H. Farmer 1957, The Agricultural Plan 1958) the Government spent about Rs. 12,000/= to 15,000/= to settle one family in a state sponsored colonisation scheme. When the financial aid for housing and other forms of assistance were taken into consideration, the government's cost for a settler family was about Rs.25,000/=. But the return from these schemes was not at all satisfactory. As a whole the output ratio of the colonisation schemes was only 17:1. According to the Gal Oya project evaluation report (one of the largest colonisation projects with the highest government investment) capital outlay was only about 3 percent. Low efficiency of water use was considered to be the main cause for the low return in the government sponsored settlement schemes. Irrigation duty ranged between 15 to 20 ac.ft. This was much higher than the actual requirement, which ranges from 3 ac.ft. to 5 ac.ft.

In 1939 the report on 'Aided Land Colonisation' presented to the Legislative Council by the Minister of Agriculture and Lands recommended:

1) that farm size should be sufficient to make the settler economically independent,
2) specific planning of cultivation,
3) a liberal system of assistance,
4) systematic planning of projects.

Nine settlement projects covering over 14,000 acres of paddy land were established during the period 1935-1947.

The period 1948 to 1955 brought an accelerated disposal of land under the Land Development Ordinance of 1935. Over 60,000 acres of rice land were given to about 16,500 settlers. The scheme of assistance did not change. Farm size was reduced in 1953 to three acres paddy land and two acres of highland. The reasons for the reduction in farm size from five acres paddy land and three acres of highland were that:

1) family labour was not sufficient for the optimum cultivation of large farms,
2) a large number of persons could be given the limited resource of developed land.

The most important event that took place in this period was the development of the Gal Oya Project. It was designed for:

1) the agricultural development of 42,000 acres (32,000 acres in paddy land and 10,000 acres in sugar cane)
2) flood protection , and
3) provision of domestic water to over 20,000 farm families.

By 1965 the project had established over 30 villages and about 12,000 families in both village expansion and major colonisation areas. Farm size was four acres of paddy land and three acres of highland which was later reduced to three acres of paddy land and two acres highland.

Settlement Schemes after Independence in 1948

Inspite of several changes in the administrative set-up the main features of the settlement schemes in Sri Lanka were almost the same even after Independence. In the main,the welfare oriented approach continued. Both the administrators and the people began to enjoy their newly won national freedom during the 1950's, and it was therefore difficult to limit the privileges and facilities given to the settlers during the colonial time. The dynamics of the situation rather underpinned a strengthening of the welfare programmes. The government's generosity was especially extended to health and education aspects. Massive anti-malaria campaigns helped to eliminate one of the recurrent plagues of the dry zone. However, the administrative apparatus was weak and co-ordination was lacking. The system of central plannning consisted merely of a synthesis of sectoral investment programmes for agriculture, education, transport and communication. There was no attempt either to study the projects in required detail or to co-ordinate them for the purpose of overall allocation of resources. There were only such general principles that high priority should be given to investments that fostered the development of the sparsely populated dry zone of the country. Finally, as a result of the national health programme

the population in the country began to increase more rapidly than ever before.

The situation was thus very complicated with three interlaced characteristics: an official policy which had to be welfare oriented and oriented towards a geographical area which was to a large extent previously underdeveloped and underpopulated but which was to accommodate a large number of immigrants and a growing population.

In such a situation it was natural that there should be unwanted deviations. The most obvious side-effect included encroachment of crown land, subdivision of allotments and tenurial practices such as lease, share cultivation etc. The sub-division, sale mortage or lease of land was prohibited. But the legal aspects did not prevent the settlers from disposing their allotments. Especially among the children such division of the allotment was common. The cultivators who subdivided their allotments had difficulties in obtaining credit from institutional sources and were therefore dependent on non-institutional sources. As a result leasing of paddy land on the basis of mutual understanding between the cultivator and the person who was preapared to provide the finance became a common feature of the settlements. Finally, the actual holder of the land became the tenant on his own land and the operational landlordship was taken over by somebody else. This gave rise to an inequitable distribution of land and wealth within the settlement schemes. One reason for this illegal development was that the alienation process did not move fast enough to meet the increasing demand for land and the delay in alienation diminished the interest of the peasant in obtaining land in the "correct" way.When they could not lease any land and when there was no other means of livelihood the peasants rather than wait for government to alienate land, started to enroach on crown land. Thus by 1956 an extent of land totalling 30,000 acres had been encroached on by 28,000 people. (Sessional Paper 1958). In some colonisation schemes the total encroached extents were higher than the total extents actually alienated to the settlers. The most crucial issue arising from this process was the serious problem of the availability and supply of irrigation water in the settlements. Water disputes increased as a result of the misuse of irrigation water for encroached land and it created social disharmony. Use of irrigation water for an additional extent, scarcity and wastage, evaporation and run-off losses and lack of propoer management all affected the storage capacity and efficiency of performance of the irrigation system.

The enactment of the Paddy Lands Act in 1958 was one of the popular and important remedial steps taken by the Government to avoid many of the problems listed above. With this Act, small farmers were not only assured of a greater security of tenure and a more equitable share of production but they were for the first time in settlement history, after colonial rule, provided with an organisation to promote their interest. One of the objectives of this provision was to ensure the rights to land cultivated by tenant cultivators. The ejectment of a tenant cultivator was made a punishable offence. Tenurial rights of the ejected tenant cultivators, if any, had to be resorted to.

A second step was the abolition of the monopolistic right of the land owner to reduce or increase the land rent in a manner deterimental to the tenant cultivator at any time. In terms of this provision the tenant cultivator was required to pay to the land-owner a fixed rent of only 1/4 of the total production or 15 bushels of paddy per acre, whichever was less.

These measures covering security of tenure and the regulation of land rent were not successfully implemented as anticipated by this Act. Ande (share) cultivation, indirect lease of land etc. even today remain important features of the tenurial system in the Dry Zone. Even after the Paddy Lands Act, the "Ande" system was practised as before but in hidden forms in order to evade the law. The most fundamental defect of the Paddy Lands Act now appears to be the failure to recognize the strength of the traditional bonds that so closely tied the tenant cultivator to his landlord. It was therefore inevitable that tenant cultivators would not co-operate to implement the law, as they had a fear of losing the cultivation under the Ande system.

Under this Act an attempt was also made to introduce a village level body called the "Cultivation Committee", based on ancient villagers' own organisations, such as Gamsabhawas. This Committee was supposed to consist of representatives of all classes of cultivators for the purpose of attending to all matters of cultivation including planning, construction and maintenance of irrigation works and other village work. The Committee was given the power to investigate land disputes, the right to prosecute in case of cultivation offences and the authority to promulgate and enforce irrigation regulations and the annual cultivation calendar. Theoretically, members of the Committee had to be elected from all social strata, but in practice the involvement of poor farmers and tenant cultivators was very insignificant. Since the tenant cultivators often had a fear of being ousted by their patrons they were constrained from opposing the election of the landed gentry to positions of office in the cultivation committee. In many cases former vel vidanes (Irrigation Headman) (who were referred to as a "Colonial anachronism") and their subordinates continued to hold key positions in the Committees.

The disputes regarding irrigation, land and other issues were supposed to be settled by cultivation committees in the first place. Therefore, wealthy landlords who were in the Committee, determined to their own advantage and there was little chance to oppose such decisions.

Prior to the setting up of Cultivation Committees, the regulation of cultivation and control of water were carried out under the Irrigation Ordinance, which laid down the duties and obligations of every cultivator together with disciplinary procedures to ensure the observance of those rules. With the introduction of the cultivation committee system cultivation discipline and maintenance of irrigation works suffered a deterioration. Legal power of the Committee was poor because in many cases action taken by the Committee was not accepted due to the problem of legislation. On the other hand this Committee could not be legally constituted because of the non-cooperation of the cultivators.

Secondly, although the Committees had been formed disciplinary action for non-performance was still enforcable only under the Irrigation Ordinance. The Committee could not take action against cultivators. Therefore the misuse and mis-management of irrigation water and land could not be controlled as expected. The defects of the village level administration bodies also represented the defects of the entire administrative machinery. With increasing departmentalisation not only was the Government Agent's authority progressively eroded but also the officials who headed the district branches of large government departments were inclined to enforce their independence from the Government Agent's Office and establish their lines of communication direct with their departmental heads. It was difficult to maintain a satisfactory discipline on irrigation and land at the settlement level mainly due to the lack of co-ordination between the officials of the various departments. The Department of Agriculture was responsible for agricultural extension. The Land Commissioner's Department was responsible for administration of crown land and its disposal for agriculture. Agricultural inputs were handled by the Department of Co-operatives. The Agrarian Services Department controlled and administered the Paddy Lands Act and cultivation committees. Administration and control of irrigation networks was the responsibility of the Irrigation Department. The impact of departmentalisation at the settlement level was inefficiency and a smoothening of responsibilities, which were passed on to others and therefore the Departments blamed each other. Moreover, this system favoured corruption since officials were in a position to divert complaints and punishments.

The result of Government's attempts at colonisation within the above administrative set up was to provide irrigation water and land to the people together with other aid and assistance; but not to promote the skills of the peasant or the traditional irrigation and cultivation practices. This system left settlers with no choice but to cultivate paddy with irrigation water according to their own traditions and cultivation practices.

No provision was made for rearing animals in the large Colonisation Schemes, as complementary to their paddy cultivation. This resulted in the settlers losing their draught power along with the nutritionally valuable supplementary diets, such as milk and eggs. This situation indirectly or directly restricted the promotion of secondary activities within their settlements.

Inadequate pasture within the settlement areas caused problems for animal husbandry. Rearing of cattle was difficult at least for cultivation purposes in the settlement. Settlers were often forced to drive their cattle into the jungle due to difficulties in maintenance. Consequently there was an acute shortage of cattle and buffaloes during time of cultivation in the settlement areas, particularly since some of the animals driven into the jungle turned wild.

When the irrigable land was made available to the settler his main intention was to cultivate paddy (even though the land was not suitable) because of the marketability, income stability and security of paddy as compared to other crops. Secondly, highland cultivation with rain water and subsidiary food crops cultivation in the irrigable lands were totally neglected by the planners. Furthermore,the identification of crop combinations, careful examination of available technology and other facilities, required guidance on relative profitability of growing different types of crops,ensuring availability of inputs, provisions and markets were the most important measures required in the concentrated efforts supposed to be taken by Government planners and extension officials; but an organised plan of action of this nature was not forthcoming.

The possession of a paddy allotment was a matter of prestige for a farmer and was supposed to reflect his standard of living. Much of the government assistance and subsidies were also given to the paddy cultivators and colonisation schemes were organised accordingly. Considering the low level of income and the labour requirements to cultivate between 3-5 acres of land a settler was able to cultivate only paddy since it required less labour and low investment compared to other crops.

Identification of the size of an allotment as a viable economic unit, was a crucial problem of the settlement process. An allotment consisted of 5 acres of paddy land and 3 acres of highland in earlier settlement schemes. But this was too large for most settler families to handle alone. Therefore, settlers were compelled to extensively cultivate the land, as well as lease out the land or give it on ande (share) cultivation or sub-divide it among their children. In 1955 the standard size of the allotment was reduced to three acres of paddy land and two acres of highland. By reducing the size of allotments the government was able to reduce the cost per settler and provide land to more people. At the same time, settlers could earn the same income without using hired labour or machinery by intensive cultivation methods. In the 1960's an allotment size was

reduced further to two acres of low land and one acre of highland. The main objective of this step was to provide allotments (whether it was sufficient or not) to the increasing population of the country. In the early 1970's the size was changed again because two acres of paddy allotment was not sufficient for a settler family.

However, all these measures were not sufficient to promote the cultivation practices and irrigation water use of the settlers. By reducing the size of allotment intensive cultivation was achieved to a certain extent; but the cropping pattern had not changed. This was mainly due to lack of physical and agricultural planning. While the cost of irrigation increased rapidly the management of such costly irrigation water remained a crucial problem of the settlement. Even now the engineering and technical aspects of the irrigation and settlement schemes play a dominat role while the agriculture and social aspects are given low priority. The land which could receive irrigation water from channels is being considered as paddy land whether the soil suitable or not. Various studies have found that insufficient attention is given to the quality of soil, local beliefs, land use and irrigation practices; while the long experience in settlement policies seems to be disregarded.

After 1956 a form of social revolution which gave the people greater confidence to participate in the political system also resulted in a demand for more resources. Land was the resource most in demand and the need for land now was much greater than in the earlier period. In the late 1950's and early 1960's the general view was that disposal of land should be further accelerated although the limiting factors were the lack of capital and manpower for the development of land. To meet this situation a major change was made in the timing of the arrival of colonists to the project. Under the new system the settlers participated in the construction work and earned wages; in areas with a shortage of labour for construction of irrigation works and canal development, the settlers filled in the gap; the colonists were not only more acclamatised to their new environment (before bringing in their families) but also had a greater sense of participation and ownership in the projects; the new system of land disposal minimised illegal squatting in irrigation projects. There was rapid disposal of land;over 35,000 settlers benefitted under this scheme covering an extent of over 90,000 acres of paddy land.

During the 1960s and 1970s the Government in Sri Lanka further emphasised land settlement as the major strategy for creating employment opportunities for the unemployed poor segment of the rural population. The two leading political parties that came into power over this period considered land settlement policy as a stabilizer for their own power. While doing so they had to struggle with deep problems in achieving both economic and political goals at the same time. From the 1960s settlement strategy has been directed towards import substitution.Farmers were encouraged by being provided a guaranteed price for paddy a greater credit supply, introduction of high yielding varieties and fertilizer subsidies. There was an impact of these incentives on average paddy production. In major irrigation settlements such as Uda Walawe, Parakrama Samudra etc. paddy production increased beyond the national average. In addition to the usual settlement programme, a concept of special projects was also adopted to increase food production.However, those projects showed progress due to a higher concentration of assistance and foreign aid support. With the introduction of the new technology package a large number of intermediaries began to play a leading role at the grass root level because market opportunities were increasing for the sale of inputs and purchasing of farm products.

From the beginning of the 1970's however, economic problems began to increase much faster than the achievement of land settlement and development.

Of a 4.1 million work force in the country about 0.55 million were estimated to be unemployed.Among the unemployed population 67 percent were male and 33 percent female. More than 75 percent of those unemployed people were in the rural sector. The employment opportunities in the urban sector were greatly limited and about 14,000 graduates and 112,000 G.C.E. A/L qualified youth were without jobs because the Urban Sector could not absorb unemployed people due to non-industrial development tendencies in the country.In 1970 and

A package programme of integrated development to maximise production was recommended by an I.B.R.D./F.A.O. mission that visited Sri Lanka in 1966. The objects of this programme were:

1. to maximise production through improved methods of cultivation;
2. to strengthen institutional arrangements in respect of marketing, credit and farm management;
3. to rehabilitate irrigation facilities for better production; and
4. to encourage development whereby the community would grow into a self-sustained one.

A pilot project implementing the package programme was first initiated at the Elahera Colonisation project in 1967. A farm management survey carried out in this project in 1970/71 (Maha) had revealed that the yield of rice per acre had increased by over 50 per cent of the figure in 1968. In 1972 the yield per acre at Elahera had increased further to 79 bushels. By 1975 the package programme was extended to over 22 colonization projects which were referred to as special projects.

1971 the economy was expected to grow at a reasonable rate to absorb a considerable proportion of the new labour force. But the growth rate kept falling from 4.1 percent in 1970 to 2.9 percent in 1971. The price of imported goods increased by about 33 percent and most of those imports were essential food items.

The growing food crisis was further accentuated by all those factors, with many serious implications arising from this situation. Important among them were the youth uprising in April 1971, the impact of the prolonged drought in the dry zone the rising cost of living and increasing indebtness. In the light of this situation the government's crash programme on food production was set in motion. (See Box). Greater attention to settlements and dry zone development was inevitable in any programme of food production so that the Five Year Plan, issued in 1972, laid special emphasis on irrigation settlements. While concentrating on the development of new land a step was taken to derive maximum benefit out of the land already settled through a programme of crop intensification and crop diversification. This approach became a popular feature of the Government's land settlement strategy in the 1970s because more and more families could be settled in smaller parcels of land if improved farming methods and new technology were used as expected.

By the end of 1975 therewas much diversity in the types of settlement projects. These included:

1) Major Colonisation Projects
2) Highland Colonisation Projects
3) Village Expansion Schemes
4) Educated Youth Settlement Projects
5) Middle Class Settlement Projects
6) Co-operative Farms (Samupakara Gammannas)
7) Divisional Development Council Projects
8) Janawasaa
9) Special Leases, and Marginal lands leases scheme

In 1971 there was a major change in land policy. The assistance given to settlers was not only reduced but was made uniform. The activities were broadly divided into the following categories.

(a) capital expenditure (jungle clearing, fencing, farms equipment);
(b) recurrent expenditure (e.g.planting material, fertilisers, agro-chemicals);
(c) infra-structure and communal facilities (roads, water supply, health and educational facilities);
(d) subsidies for houses, wells, latrines and permanent roofing.

With regard to capital expenditure in all types of colonisation projects, including the youth settlement projects, each settler received a maximum of Rs 1,600/- per acre for activities connected with land preparation, purchase of farm equipment and other capital items. The amount of subsidy for each activity was determined at the time of planning each project. The rates of subsidies were not only determined by the prices prevailing in the area per unit at the time, but also reflected the nature of the area and other factors.

In 1971, a programme to set up cooperative farms was introduced throughout the country. The object of this programme was to harness the manpower resources particularly the youth for agricultural production. The settlers had to work on a collective basis in the development of the land on cooperative farms.

During the same year another form of settlement project, the District Development Council project, was introduced by the Ministry of Planning and Economic Affairs. These projects were formulated on a smaller scale of prodution than the co-operative farms. The prime objective of these schemes was to harness the manpower and raw material resources in the respective districts for agricultural and industrial production.

A revolution in land policy took place in 1972 with the enactment of the Land Reform Law, and this process continued in 1973 with the State Land (Special Provisions) Sales Act and in 1975 with the Land Reform Law Amendment Act.

Under the law (Stage 1) all areas of land over the ceilingweredeemed vested in Land Reform commission. 5487 persons owning lands in excess of the ceiling declared to the Commission by December 1972, covering an extent of one million acres. After determining the owners' share an extent of 559,377 acres was available for re-distribution, and was vested in the Commission by August 1974. 65 per cent of the land vested in the Commission by August 1974. 65 per cent of the land vested in the Commission was in Tea, Rubber and Coconut, while 32 per cent were in jungle, patna and cultivated. A notable feature is that only 3 per cent of the lands vested in the Commission were cultivated in paddy.

According to the pilot survey conducted by the Census and Statistics Department in 1972 over one-third of the paddy lands were in units of over 5 acres and about 16 per cent of the acreage in holding of over 10 acres; only 4-5 per cent of the paddy lands were in units of 25 acres and over.

"It is therefore obvious that ifLand Reform is to have a wider impact the ceiling on paddy lands should be reduced to 5 acres. A five acre size farm is an economic unit, more so if a portion of the land is cultivated during the Yala Season either in paddy or other field crops. Such a unit should give the farmer a minimum monthly income of over Rs. 400/- which puts him into the group of high income earners who form, at present, only 20 per cent of the population." stated A.S. Kunasingham in an SLAAS Section F Presidential Address "Land Settlement Patterns in SriLanka".

The Five Year Plan of 1972 -76 recognised that paddy still remained the crop with the largest potential for import-substitution. Paddy, therefore, received very high priority in this Plan too, but the Plan emphasised that the "modernisation of peasant farming cannot be accomplished on the basis of mono-crop agriculture".

The five year Plan thus included a programme of assistance and extention for the cultivation of subsidiary food crops which upto then was a neglected

area in the agricultural sector. Accordingly a considerable part of the agricultural land was to be used for the growing of such crops. However an important place was assigned in the Plan to paddy cultivation which still could play a vital role in import substitution. One major feature of the Plan was the very high investment on irrigation. About 200,000 acres of new land area which could be provided with irrigation facilities through irrigation schemes such as Mahaweli, Walawe and Lunugam Vehera were expected to be developed during the Plan period (1972 - 1976). In addition, irrigation facilities were to be provided to 200,000 acres of land then under cultivation. The government, however, did not expect this to be used entirely for paddy cultivation.

As shown in Table 2 a new land area of about 300,000 acres was to be developed and provided with irrigation facilities. The question was whether such a vast extent of land could be developed and made suitable for settlement and cultivation within four or five years. The Government, under its action programme, however, made an attempt to grow new crops, and expand particulary the programme of growing crops like chillies and onions. But there was greater social and economic attraction to rice production for a variety of reasons such as the insufficient progress made in crop diversification and crop rotation and other skills, lack of organization in production and marketing, unstable incomes and inadequate provision of facilities to meet the future aspirations of smallholders. About 80 percent of the increased paddy production during the Plan period was estimated to be received from the land already under cultivation and the balance from 100, 000acres of paddyland expected to be developed for paddy cultivation. Settlement schemes of the Dry Zone were to have over 75 percent of their total extent of land made suitable for paddy cultivation. However, at the last stages of the Plan period it was found that achievements were far below the expected goals.

The programme took three years to get off the ground although the development of 300,000 acres of new land was expected to be completed within five years from 1970.

The use of paddy land was unsatisfactory after 1970 due to unfavourable climatic conditions. In 1972 of the land capable of being made suitable for paddy cultivation in the Dry Zone only 72 percent and 22 percent was cultivated with paddy in the Maha and Yala seasons, respectively. Of this too, 46,000 acres during Maha season and 9,000 acres during Yala were subject to crop failures. The fact is that though the land area under cultivation had increased during 1973/74, there had not been any increase in real production as shown in the Table. Compared with the previous year 1972/73, paddy production in the Dry Zone during 1973/74 had declined by 9.3 million bushels. The position in 1974/75 was worse. Only 57 percent of the cultivable land could be cultivated due to severe drought and unfavourable climatic conditions. Of this too, no harvest could be collected from 163,000 acres due to crop failures. On the whole paddy production in Sri Lanka decreased by 530 million bushels. (Central Bank Report, 1975); which was a drop of 57% and 16% respectively in Maha and Yala seasons. The fact that this deterioration was observed throughout the country could be seen from the ex-

Table 2
UTILIZATION OF IRRIGABLE PADDY LAND

		Aswed-dumized ('000)	Cultiva-ted ('000)	Harves-ted ('000)	Production Acreage ('000)
		1	2	3	4
1972/73	Maha	380	349	327	11,768
Wet Zone	Yala	380	272	262	8,978
Dist.	TOTAL	760	621	589	20,746
Dry Zone	Maha	864	624	578	41,605
Dist.	Yala	864	190	181	7,567
	TOTAL	1,728	814	750	49,172
Other	Maha	250	216	189	6,151
Dist.	Yala	250	151	131	4,347
	TOTAL	500	367	320	10,498
1973/74	Maha	381	364	360	14,590
Wet Zone	Yala	381	306	294	10,470
Dist.	TOTAL	762	670	654	25,084
Dry Zone	Maha	866	724	708	30,860
Dist.	Yala	866	231	226	9,002
	TOTAL	1,732	955	934	39,862
Other	Maha	250	226	220	7,180
Dist.	Yala	250	171	161	5,213
	TOTAL	500	397	381	12,393
1974/75	Maha	388	369	360	14,273
Wet Zone	Yala	388	312	301	9,547
Dist.	TOTAL	776	681	661	23,820
Dry Zone	Maha	878	540	377	16,127
Dist.	Yala	878	168	164	6,913
Other	Maha	235	187	138	4,325
Dist.	Yala	255	143	153	4,412

Source: *Census & Statistics*

Table 3

NEW LAND TO BE DEVELOPED UNDER NEW IRRIGATION PROJECTS
1972 - 1976

Scheme	New Land Acreage
1. Mahaweli Scheme	80,000
2. Uda Walawe	50,000
3. Major Minor Irrigation (Mainly for Paddy)	77,000
4. Cashew Farming	26,000
5. Other permanent crops	35,000
Total	269,100

Source: *Five Year Plan 1972 - 1976*

tents of land cultivated in the Wet and Intermediate Zone (See Table).The dramatic drop in paddy cultivation caused a set-back in economic growth. Thus it is clear that the growth rate during the five year period of 1971-1975 reached low levels when compared with the minimum growth rate of 6 percent expected in the Five year Plan. The average growth rate during the 5 year period after 1970 was 2.4% compared with an average rate of 5.8 percent during the 5 years preceding 1970. The Five Year Plan based its high growth rates on development levels reached during years free of economic disasters and hopes of increased production in significant sectors such as agriculture. Although contemporary observers had expressed doubts about these targets.

For instance, an ILO study team had their doubts about raising the level of rice production to 6 percent in the Five Year Plan, in the light of an average rate of a 4 percent increase achieved through a period of 20 years. They also pointed out that it was more dangerous to place such high hopes on the yield level of 1970 which was fattened by the casual rainfall of the Maha monsoon. Their estimate was an annual rate of increase of production of only 4.5 percent (ILO, 1971). It was difficult to reach even this level in 1970s.

The most serious problems that arose from the above adverse economic condition in the 1970s was decreasing capacity of settled farmers to carry out intensive farming with modern technology due to heavy indebtedness and lack of credit facilities. Various credit schemes were tried out by the State banks but they failed to liberate the farmer form the grip of private money lenders and village traders. A system of granting credit in a more generous way to meet the production cost without supervision came into operation. Since their output was not adequate to repay those loans, the farmers borrowed money which was spent on inappropriate techniques, consumption needs, weddings and repayments of village money lenders. On several occasions the loan defaults were re-scheduled as a political gesture and this led to further default in repayments and as a result the lending capacity of the banks began to decrease. Consequently it was not only the defaulters but also their innocent neighbours who were deprived of institutional credit. Good farmers were reluctant to be guarantors for others fearing that they also would not be able to obtain loans. Those who were in need of credit were in search of guarantors. When it was difficult to obtain credit from banks to meet the high costs of farming these farmers had no alternative but depend on private sources of finance. The only way out for them was either the mortgage or leasing out of their plots of land which created a gap between real ownership and nominal or operational ownership of land.

A resolution on land policy took place in 1972 with the enactment of the Land Reform Law No. 1 of 1972. This process continued in 1973 with the State Land (Special Provisions) Sales Act and in 1975 with the Land Reform Law Amendment Act. The objects these reforms had been to impose well determined ceilings on land ownership in order to improve the legal and economic status of settlers and thereby to distribute land among landless villagers and reduce the inequalities in land ownership and income distribution. These expectations were fulfilled to some extent in regard to tea, rubber and coconut plantations in the Wet Zone but the results achieved in regard to paddy lands in the Dry Zone were limited. This reform in fact affected mainly the up country plantations which had only about 18% of the total land area and 20% of the total population in the country. Further, the paddy lands formed only 3% of the total extent of land vested in the Land Reforms Commission by the end of 1974. This amounted to 16,270 acres. These reforms were not an adeuquate remedy for resolving the problems connected with paddy lands in an area which had nearly 82% of the total population.

De Vroey and Shanmuganathan who reviewed the Dry Zone resettlement policy maintained that these reforms were only an alternative land reform which were inspired by class interest on the part of the policy makers to preserve existing property relations. It is also significant to note that a re-distribution land reform was not present in the political manifesto of any party in Sri Lanka. In other words, land settlement policy could be used to avoid or postpone radical land reform.

In the late 1970s, diverting Mahaweli waters into the Dry Zone of Sri Lanka and the settlement of people became the major rural development activity of the Government. Under the first stage of this irrigation scheme which was the largest concerned in Sri Lanka about 6000 families were expected to be settled. This area consists

Michel De Vroey and N. Shanmugaratnam in a study (1984) on "Peasant Resettlement in Sri Lanka".

of several villages within System H 1 under the Kalawewa. By 1976, the farmers were able to cultivate only a small part of the irrigable lands during the Yala season.About three quarter of the cultivated lands were subject to crop failures due to lack of water during the time of cultivation. This was because the water level of the Mahaweli river reached its lowest due to the severe drought gripping the entire country at the time. The farmers were discouraged because their hopes in a stable supply of water were shattered.

Present problems of land settlement

After the new government came into power in 1977 land settlement in Sri Lanka was undertaken on a massive scale under the Accelerated Mahaweli Development Programme. During five decades of peasant re-settlement in the country only about 100,000 families had been settled whereas under the Accelerated Mahaweli Programme about 250,000 families were expected to be settled within the short span of six years. This government saw a large scale family farm settlement programme as an effective solution to the problems of increasing poverty, unemployment and landlessness in the rural sector. The settlement planners of the Mahaweli Scheme maintain that the new settlement policy has been evolved after detailed study and pilot project experiments. While it has been enriched by the past experiences in colonization, care has been taken to avoid the mistakes of the past. But the weakness of the Mahaweli settlement that are being discovered are not much different from the major weaknesses of the past settlements.

Volume IV Nos 8 + 9, Nov/Dec 1978 and Volume XI Nos 4 + 5 July/Aug 1985 of our Economic Review gives more detailed information on various aspect of the Accelerated Mahaweli Programme. Our concern with this issue is to provide an overview on the current problems of settlement.

This was mainly due to the replication of an unaltered land settlement policy of providing small parcels of land to the poor peasant families. However, a dominant feature of the strategy of land settlement and rural intervention under the Mahaweli Scheme it seems has, emerged which entails the establishment of an institutional structure aimed at organizing and closely supervising a system of small scale production units based on a new type of family farming. Some research studies have reported that this has frequently entailed the setting up of a settlement administration with large bureaucracies and a massive injection of foreign aid and technical assistance leading to the increasing encapsulation of family farms and to the erosion of independent decision making in the field of agricultural production. The government has set up a settlement authority to co-ordinate the system of services such as credit, fertilizer and marketing, and to control access to basic resources (eg. land and water). Based on the assumptions of these authorities the settlers cannot be allowed to produce for themselves. They have to produce a marketable surplus to cover the heavy investment in these areas by using modern technology and inputs and diverisfying from paddy to cash crops. This could best be achieved according to settlement planners by a one hectare allotment which was theoretically considered as an economic unit for a family to work with family labour.

But, in reality this is not what is actually happening in the Mahaweli Settlement, according to many observations. In fact the size of allotment was subjected to heated debates in the past and even today the alienation of a small parcels of one hactare to a family has led to a serious problem among the young people who belong to the second generation in settlement areas. The second generation problem already exists through out the settled Mahaweli areas. Unless new job opportunities are created soon the first generation settlers will be compelled to do what settlers have done in the older settlement schemes. Maintaining their day to day subsistence living may be a rational decision but it might have adverse development implications due to increased emphasis on staple crop production for subsistence purposes, reduced sales, lower net income and less employment generation over the long term.

Land settlement is generally meant for the poorer segment of the rural population. However, their choice is not to remain poor; their efforts have to be substantially advanced by the government policies with regard to land. However, one of the weakness of settlement policy was that the economic viability of small allotments tended to be judged on the advanced urban based assumptions rather than the social adoptability and capability of poor peasants. Two leading experts on Third World settlement involved in evaluation and monitoring Mahaweli Settlement implications revealed that many of the assumptions on the small family farm in the Mahaweli Scheme were incorrect. The other argument is that the economic viability of a small farm does not depend very much on its size but rather on the improvement of adoptability and capability of poor farmers through well organised training, extension, community development and other input deliveries. However, in the new settlements the planned social change is increasingly directed by monthly wage earning urban based officials who are more exposed to urban values.They perform duties rather than effectively work with weaker groups.This often leads to an unequal access to the common services and reduces the capabilities of settlers. A recent expert study on the settlement problems in the Mahaweli Settlement described these conditions of new settlers as follows:

The major conclusion of our present assessment is that net incomes of the large majority of settlers households in even the oldest Mahaweli Settlement areas have not yet moved beyond the susbistence level. Indeed in

a significant number of cases in both Systems 'H' and Zone 2 of System 'C' living standards actually appear to have dropped at the very time in the settlement process that they should be going up, if the settlement component is to catalyze development.....

Less than 20 percent of the settlers in the project area have been able to complete the construction of their permanent dwellings. Many farmers defaulted on low interest government loans primarily due to crop failures in successive drought years, making them inelligible for future loans".

These observations indicate the possibilities for discontent with the peasant proprietor system which is emerging under the present land settlement policy. The situation is such that in many areas settlers do not have the ability, knowledge and capacity to own and improve their land. They lack good housing, good living conditions, self respect and a say on public questions. As a result of such factors the possibility of their getting organised as a group and mobilising opinion in their favour is limited among these poorer settlers. However, their problems are being taken into consideration and new attempts are being made to improve their conditions.

This kind of policy involved slight changes of the administrative system, without any alteration in the basic approach. This was a farely consistem feature of the land Settlement policy.

It has been argued that this policy of settlement management has involved only slight changes in the administrative system, without altering the basic approach of the existing policy. This basic approach has been maintained since the 1930's, with only slight modifications. De Vroey and Shanmugaratnam in their study (1984) have explained these trends of recent land settlement in the country as follows:

"In the light of these theoretical considerations, what lessons can be drawn from our empirical survey? Three features can be pointed out.

1. The study reveals an increase in the importance of commodity production for trade and of monetization, along with a relative decrease in importance both in domestic and in collective goods(the narrowing of effects of the Welfare State).
2. It also confirms the idea that an independent producers system is unviable. Differences in performances among farmers leads to income discrepancies and to a split between well-performing farmers and those who are bankrupt or on the brink of bankruptcy.
3. However, despite this monetization and the failure to maintain the conditions for a stable independent producer system, no significant development of the wage relationship has emerged.

These two researchers make the following comment regarding the absence of development of a real wage relationship in this situation. "In agriculture phases of peak activity are followed by phases of waiting. This makes agriculture unfit for the utilization of regular wage labour, since during the peak periods the required amount of labour exceeds the normal length of labour time while between peaks it would be quite low. Therefore, the utilization of seasonal wage labour seems more adequate but this implies that such wage-labourers do not have the full status of wage-earners. Furthermore, the structure of circulation within which the agricultural production is integrated, makes the introduction of a full wage relationship unnecessary. Farmers who are dispersed, numerous and who control only a small amount of money, face a small number of big intermediaries. Market power usually leans strongly in favour of the latter. They have no interest in changing this structure and in introducing the wage relationship. The prevailing situation is more benefitting to them for two reasons. On the one hand, through circulation of profits, they can obtain the same or greater monetary surplus than they would get from an exploitation profit in a wage relationship. On the other hand, they do not have to bear the entrepreneurial risk which is entirely supported by the farmers.

The situation in the resettlements raises certain issues that are of relevance to the problematic of agrarian transition in an economy that has gone through a very long process of commoditization under conditions of underdevelopment. Peasant resettlement has been going on in Sri Lanka for over fifty years. The state has been the main agent in the creation of resettlement schemes. With time the scale of state investment has also been growing. But when we look back at the whole experience it looks like an endless exercise in extending petty commodity production which has neither given way to large scale capitalist farming nor solved the problems of landlessness and rural poverty it set out to tackle.

This has brought about a physical limit to the extension of peasant resettlement. After the much publicised Mahaweli project, Sri Lanka will not be left with any major river basins or vast stretches of uncultivated but potentially arable land for future development. But landlessness and rural poverty will remain".

In answering the question of what went wrong, their interpretation is that: "It was the belief of the policy makers that the solution to rural poverty and landleness was to resettle poor and landless peasants on lands developed by the State. But as Sri Lanka approaches the extensive margin of land for resettlement the problem remains as intractable as ever. The lesson is that resettlement by itself is no solution to landlessness. The easy explanation for the situation is population explosion, but that explanation could only further confound the misconception that the solution to the problem is land. Population growth within the given context would certainly compound the problem but cannot be the cause in any way.

The causes of rural poverty and landlessness are to be found in the basically untransformed structures that have perpetuated underdevelopment. The strategy of land colonization has failed as a solution to the problem of landlessness and rural poverty not through its own demerits alone. The primary cause of the problem lies in the inability of Sri Lanka's economy to generate a capitalist dynamic of industrial transformation. The strategy of land settlement is not only a pro-

duct but a victim of this incapacity which is the final result of the political and economic actions of the class/ classes which wield power".

Contrary to what the above analysis advocates those responsible for planning and implementation of settlement policies have given greater emphasis to their original goal of regenerating a self-sustained and independent family farm economy through the equitable distribution of land, water and other resources. The success of this programme is being proved through statistics on the progress of land development and settlement. According to this data more and more people are becoming proprietors of land and overall production is on the increase. Social unrest in urban areas and other overpopulated districts had also been reduced by settling more people on the land. Therefore to this extent land settlement has had an impact on Sri Lanka's society and economy. However, contrary to the popular notion of egalitarianism which was expected from the policy measures and legal protection introduced over the last five decades, growing inequalities leading to social differentiation has become more apparent in recent settlements. This aspect too is reported on in the study by Michal De Veroy and N.Shanmuganathan as follows:

"The leagalistic approach ignores certain basic laws that operate due to inequalities in physical, financial and intellectual resources within a community.

In this instance the concrete manifestation of those inequalities, even when land is assumed to be equal, are found in the individual economic strength, access to water and other inputs and institutional sources of credit, marketing and technical know-how among the settlers. The process is more clearly present in the colonization schemes in the entire country. The upper levels of those communities include members of non-settler origin who have usurped land by illegal means. Thus the law has become a dead letter and statistics of size and ownership based on official documents are bound to be misleading".

Another viewpoint specific to settlers in the Mahaweli project was put out by Thomas Krimmel in his study on 'Social Differentiation and Peasant Colonization', where he quotes Kapila Wimaladhama, the former Additional General Manager of the M.D.B. (Settlements and Operations), who portraying the image of the future Mahaweli society wrote:

"with the progress of time, Mahaweli settlements are expected to advance from traditional to modern society, from subsistence to commercial farming, from bureaucratic to participatory management. The Mahaweli settlement policy aims at an elimination of economic disparities through an egalitarian land tenure and an uniform ownership pattern. Mahaweli settlers are aided by the state to become affluent farmers relative to their fellow-men elsewhere in the island".

These statements are an expression of the expectations deriving from basic theories of the dominating ideas on settlement policy and settlement planning current at the time. Earlier in this discussion attention was drawn to how inequalities in peasant colonization schemes tend to emerge as a consequence of the current design of such schemes. Typically, these schemes are based on the principles of modern farming relying on new technology, an 80 percent probability of success in irrigated agriculture, and on small peasant freeholdings. The former two factors are apparently not possible because of the high costs involved in implementing such projects. The third factor corresponds to the political commitment of most Third World governments to encourage small producers to become modern agricultural enterpreneurs.

A fact not often taken into consideration is that a combination of factors such as those applied to these peasant colonization schemes lacks economic and social viability. Agricultural production in these schemes, when the new technology can be supplemented by irrigation water, has in fact become highly profitable. However, this applies only to tne few who can afford to participate in this kind of agricultural production. The majority of the small producers cannot bear the risk involved in such a high input/high-yielding technology that has to be employed in order to comply with the requirements of irrigated agriculture. The risk of production is further emphasized by the rate of success calculated for the irrigation system. It is evident that a theoretical 80 percent success does not necessarily secure large profits for every settler in four out of five years. Rather, it means that, on the whole, the total output in the project area will prove the scheme to be a success. As can be seen from the performances at the individual farm level, this pattern varies considerably from one settler to another. The disaggregated analysis highlighted that there are always a few who manage to reap profits, no matter whether the whole are suffers a drought or produces a bumper harvest. Simultaneously, there are also those who always lose or at least profit much less- not enough to keep on sustaining themselves. This is because they are either unable to economize on costs of production or because they are unable to achieve profitable yields. Of course, this latter aspect is considerably dependent on the design of the irrigation system and on factors such as the quality of the soil. But s success is also influenced by power, influence, knowledge and material resources. As a result of the highly uneven resource endowments among settlers differentiation continues in spite of a formal equalization. The individual allotments, originally distributed evenly among the settlers, rapidly change hands. A few are able to accumulate land and wealth, whereas in the long run, the majority of the poor allottees are condemned to lease their plots - with only few exceptions. Employment prospects for those however who, in the course of this process, are marginalised do not look too rosy; as they cannot be easily integrated in urban-industrial society.

It seems unlikely that a livehood can be found from casual agricultural wage labour, either since there could be considerable underemployment preavailing throughout the year, with only a few concentrated periods of peak labour demand during field preparation and harvest.

Whether it is the tenurial conditions, or choice of suitable settlers or irrigation and farm management practices there are laws and regulations governing each of these for particular land settlement schemes. Apart from the structural constraints these various features face there is also often the lack of political will which prevents the legal provisions from being fully applied. For instance, the "minor" deviations in the pattern of holdings of equal size in a major settlement project were looked on as a kind of self-adjusting mechanism or a reward for the pains of those who could acquire a little more. A key officials of this project is reported to have responded thus to a question on this issue:

"Of course, we are aware that some people are cultivating more than their 2.5 acre plot. There are always some who are more alert, who take the initiative and who work harder than others. Why not? Let them accumulate".

But as observed in the earlier analisis on this process of accumulation, permitting this type of social differentiation encourages polarisation of a few better off farmers and the majority of poorer ones. It finally amounts to the failure of the peasant colonization scheme in so far as it does not solve the problems for which these schemes were originally intended, namely, to improve the lot of the landless and rural poor. As maintained at the outset of this Report land settlement and land reform measures were intended to improve the lot of the rural peasantry.

To quote from the publication "Development and Change", David Dunham raises the question why such schemes must continue to be promoted despite limited results. He states: "Sri Lanka is a particularly useful illustration of the kinds of contradictions that lie at the root of government sponsored land settlement schemes. As one observer aptly remarked of the Sri Lankan experience: settlement schemes which aim at equal peasant holdings have seen the twin tendencies of fragmentation of land and growth of hidden landordism,both being the product of an individualised approach in an unequal economic climate"

"Even so, there seems little to be gained by illustrating the fact that there is differentiation. Because settlers rarely have quite the same assets or the same experience, because of differences in the location of their farms and soil fertility and because of the goal of commercialized farming embraced by officials, it would be more surprising if differentiation did not occur. Indeed, it may very well be an integral part of the conventional 'model'".

"The list of woes that commonly afflict these settlement schemes can be extended further to the much-quoted cases of 'faulty selection', problems of encroachment, the frustration of 'tailenders', the misuse of funds, and a whole series of other 'pitfalls' as well. A far more relevant point, however, is that more often than not there would seem to be a number of basic contextual factors which explain why so many of these smaller elements 'go wrong'. Clearly, technical errors and faulty judgements have played a role, but far more important in the majority of cases has been the nature of the political support....."

"Settlement policy in Sri Lanka has to be seen in relation to the country's structure, the nature of the state and the pattern of capital accumulation within which it was promoted. Control of land has always been a source of power and status in Sri Lanka society (especially in rural areas), and the acquisition of land has often proved to be vital in consolidating the new positions achieved through upward mobility. Granting them land has been a way of rewarding loyal supporters,and the control of land in itself has been very important in securing and in maintaining political power"....."

The socio-economic problems prevalent in present land settlement projects are far more complicated than they appear to be. The changes and developments occurring in these settlements cannot be understood or explained through study of only a particular set of features. It needs to be accepted that a central feature of the current settlement strategy of heavy capital investment and overhead costs incurred by the state, is that the government has to achieve a satisfactory economic return. Thus, even though the goals of the settlement programme are described in terms of equity and participation ideals, the primary motivation must remain that of securing a sufficiently high level of production for the market to offset the high infrastructure and administrative costs and to meet conditions imposed by the external lending agencies. In order to achieve this, it is necessary to develop various organisational measures designed to stimulate the "commoditization" of production. This process entails the increasing dependence of the settler and his family on external agents, including both government and servicing institutions that handle such questions as agricultural extension, water management and various technical inputs, as well as private interests involved in trading and money lending. The functioning and survival of settler households should be understood within this framework.