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Emerging Income Inequalities and Forms of Hidden Tenancy in the Mahaweli H Area

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With the commencement of activity on the Mahaweli Project in 1975/76 some of the peasant farmers in the purana villages of the N.C.P., affected by this project, were re-located in this region which came under the "H" Area of the Mahaweli Project. Lionel Siriwardane, Research Officer with the People's Bank Research Department, has monitored the adaptability of these settlers to their new environment over the years. He emphasises that the lot of these settlers need not necessarily be applied to all Mahaweli settlers, just as much as the benefits of the increased level of production in this area, during 1980 Maha season, would not have been equally enjoyed by all settlers.

He draws attention to the crucial question of why (when ostensibly all settlers begin their settlement life on an equal footing, with an equitable distribution of resources) within a period of few years income disparities and concomitant social stratification occurs. With the aid of quantitative and qualitative data Siriwardane attempts to uncover the network of factors that contribute to this phenomenon and the consequential hidden or concealed tenancy relations. Having attempted such an analysis Siriwardane also explores the policy implications in general and in particular for the system of turn out groups in the Mahaweli "H" Area.

This paper is based on a 91 page monograph.

Lack of irrigation water and irrigable land for cultivation have been considered "major barriers" to development of the Dry Zone of Sri Lanka, where more than 80 percent of the agricultural land remains undeveloped. Uncertainties and risk factors involved in cultivation are also crucial issues, as far as increasing production and opening up new lands are concerned.

Various attempts were made to develop the Dry Zone by opening up new land and settling people under colonisation schemes. Viewing the capital costs on those attempts from the 1930's we observe an unfavourable cost-benefit relationship, partly due to the poor quality of agriculture that was introduced in the new areas of the Dry Zone. Also, due to the slow progress in these Dry Zone development schemes it has not been possible to find solutions to national problems such as those of unemployment and food shortages. Thus the problems of food, rural unemployment, and those of the poorest group of the peasantry became acute and fundamental issues within the country's economy. As a result the situation of small farmers, tenants and agriculture labour has become an inescapable problem and is an accepted focus of government and policy makers. The Mahaweli Development Project is thus being launched as a final

resort to finding a solution to the increasing national problems. One of the aims of the Mahaweli Development Project is therefore to settle one and a half million people, on 900,000 acres of irrigable land, with permanent irrigation water and other living facilities, so that the settler families will be able to earn their livelihood and stay on in the area where they settled.

The planned settlement programme has also been evolved after detailed study and it has been enriched by past experience in colonisation, with particular care being taken to avoid the mistakes of the past.

Among the most significant changes from past colonization practices has been the change in the size of the allotment. It has been gradually reduced, partly because the initial allocation of five acres of lowland and three acres of high land was considered "unmanageable" and partly because the farmers were tending to opt for extensive methods, lease or rent; and partly because it meant that the rate of settlement could be speeded up. Therefore the decision to allocate each settler 2.5 acres of irrigable land plus a homestead plot of 0.5 acres of unirrigated high land was seen as a means of obtaining optimum production-yields, maxi-

mum unemployment and an equitable distribution of development benefits. The allocation of equal allotments, together with specific regulations which prevent either sale or fragmentation, was seen as a definite step towards removing one of the major sources of rural inequality. Renting or leasing out of these lands was also made illegal.

Further, the concept of a series of small farms, with an equitable distribution of a 2.5 acres allotment to the farmers, was considered the most appropriate and effective human settlement plan, which would encourage a high degree of self-sufficiency within the settlement and enable the settlers to reach the highest possible levels of production. An even more far reaching measure was the decision to reduce the size of all land holdings under this project to a standard size of 2.5 acres (plus 0.5) which was intended to eliminate the bigger landlords and introduce equality among the farmers. All excess land was acquired and alienated to landless farmers and agricultural labourers. This was intended to equalise not only the ownership of land but also to bring in equality in the sharing of production and profits.

Although in the earlier settlements the size of the hamlet was increased to accommodate 500 families, from a previous 200 families, in order to reduce costs; the size of the new hamlet was reduced to accommodate from 100-125 families with a view to creating greater social cohesion among the colonists. A decision was also made to follow the "cluster" pattern of settlement (which was the most valuable feature of the purana (ancient) economy), and no longer follow the "ribbon" pattern of settlement which was adopted in the colonisation schemes since the 1930's.

Separate units have been established to handle water management, agriculture extension and community development. Emphasis has been given to community development and community participation in planning; and to forging closer ties between farmers and project officials. These measures were introduced with the intention of fostering a spirit of self-help and self-reliance amongst the settlers.

After about 10 cultivation seasons it is important to assess the impact of the planning methodology adopted and the actual outcome as far as cultivation of settlers' allotments, their standard of living and the generation of surpluses are concerned. Since this is the first phase of the Mahaweli Settlement Programme a series of field studies of the settlement aspects of the Mahaweli Development Project, at different stages

of implementation, would be valuable for future planning and help to avoid mistakes and various problems as the project progresses.

The Settling

H, area of the Mahavelli Development Project covers 9 blocks from Nos. 301 to 309. At the June, 1980, about 4,271 upland allotments and 3,750 paddy land allotments had been alienated to the settlers. The total land area under paddy is about 9,375 acres. About 67 percent of those settlers had been living in traditional villages. Only 33 percent come from outside the area. Midellewa hamlet of the No. 304 block consists of about 103 settlers, which means the sample covers nearly 36 percent of the population in the hamlet. All those settlers had been re-settled during 1975/76. They have generally cultivated about 10 seasons from 1976. Only one settler had a permanent house with tiled roof and cement floor, while the rest had the same small temporary houses or huts which they built when they first came here. Only one settler had bought a two-wheeled tractor, very recently. One settler had a bullock cart and a couple of buffaloes, while the majority do not appear to have shown any improvement in their living standards even after 5 years of cultivation.

(This is only a "micro study" covering about 37 settlers. Therefore, the information of this sample could not be used either as a "model" or to generalise the situation in the entire project area. But it could represent most of the features of the same type of purana (ancient) village settlers who constitute about 67 percent of the settlers now re-settled in the H1 area).

Background of the Selected Group of Settlers

The sample of 37 settlers who lived in Old Midellewa village had been resettled in parts of the New Midellewa hamlet which was introduced as a "cluster" under the Mahavelli Scheme. According to the village elders of purana Midellewa they made a request to the Mahavelli officials that they be given their homesteads and allotments close to each other, in a particular area, to enable them to continue their family relations and traditional cluster pattern of living. The Mahavelli officials agreed and alienated the land to them in the same area where old Midellewa was situated. All those settlers belong to one kinship group and therefore all of them are closely related to each other. Midellewa purana (ancient) village has been formed by a group of farmers who came from their original village called Heeralugama. Midellewa was an Olugama* 'supplementary' village to Hurulugama for several years. They maintained hardly any relationship with other villagers, apart from Heeralugama, mainly because they

belonged to a less privileged caste (blacksmith). Chena (highland) cultivation was the main source of their income during the past. Paddy cultivation played a secondary role, only to provide for family consumption. Both paddy and chena cultivation was done on collective principles. Although several farmers had more land than the others the principle of sharing production, land and water had been accepted by all the villagers.

Subsistence farming, extended family life, exchange of foods, materials and labour were the features of the sample settlers' activities until they were re-settled under the Mahavelli Development Project.

Priority could not be given to the ability, efficiency, and age of the settlers at the time of selection because of the need to allot land to the already displaced individuals and the extended family solidarity in the area. The majority of old farmers received plots of land as compensation for the loss of previous lands. Most of the active youth, among these settlers who were able to cultivate the land could not obtain allotments because they did not have their own land before the commencement of the Mahavelli Settlement Scheme. The total number, including the settlers and members of their families, in the sample amounted to about 210. When married children (those who live in a separate house) and their dependents are also added to the total the number increases to about 280. Therefore, the settler families have a high child dependency ratio with 54.4 percent of the population below fifteen years of age. If old age dependency is considered the dependency ratio rises to as high as 61.4 percent.

It appears that a larger proportion of the settlers need to hire labour in order to cultivate their lands. As the table below shows, as many as 20 families (or 54 percent of the families) had only 2 workers in the family.

TABLE 1
FULL TIME AGRICULTURAL WORKERS AVAILABLE IN THE SETTLER FAMILIES

No. of Workers per family	No. of families	Percentage
1	3	4
2	20	54
3	7	19
4	5	14
5	1	3
6	1	3

According to information given by settlers they should have at least

*An "Olugama" or "supplementary" village was adopted by the residents of one village when they found the land in their original village insufficient for their cultivation needs. In such a situation they cultivated the land immediately outside their own (original) village and this new area became their 'supplementary' village or 'Olugama'.

3 active full time agricultural workers to cultivate 2.5 acres without delay. On the basis of this information about 58 percent of the settlers are not able to cultivate their allotments without hired labour. If for some reason there is a delay in cultivation they would require more hired labour to accelerate the process.

A number of implications may be noted in the above findings on family size and education.

- Even if the settlers used the maximum labour power in the family, yet about 40 percent of the population would have to support the rest of the population.
- Even though 60 percent of the population is maintained by others, more than 20 percent of the settler families have the problem of labour or 'man power' in their families.
- With the large number of children below 10 years of age they would have to spend more on medicines and milk foods; and the mothers would not be able to work on farms because of the infants.
- When the percentage of children in school going age is considered the education of their children could be regarded as another item of expenditure.
- Several marriages had taken place over the last two years, mainly to enable them to qualify for land, suggesting the possibility of more infants entering the population regularly.

Cultivated Areas of Allotments

Ten cultivation seasons had been cultivated by the sample settlers from 1976, but still many settlers had not cultivated their entire plots. The table 2, overleaf shows the total acreage of the allotments and the area actually cultivated during the last three seasons.

This table shows that about 12 of the 91 acres of allotted land of the settlers remained uncultivated during the last three seasons, without considerable change; while cultivation of the encroached land of children or relatives of the settlers showed a steady increase. If the cultivation of the area encroached by the settlers is also included, the average size of the allotment cultivated by a settler is about 2 acres.

Cultivation Practices

The large number of landless adults in the sample and the large number of dependents in settler families indicates that the majority of the settlers could cultivate their allotments with family members. But such indications could not be related to the reality, as the actual land use practices of the settlers did not indicate such a relationship. Although the size of the allotment is small and manageable many settlers do not cultivate their plots by themselves.

Table 2
CULTIVATED AREA AND THE EXTENT ACTUALLY
CULTIVATED BY THE SETTLERS AND ENCROACHERS

	No.	Total Culti- vated area (acres)	Maha 78/79	%	Yala 1979	%	Maha 79/80	%
a. No. of settlers who received 2.5 acres of allotments	37	91	78	80	79	87	78	86
b. No. of children or relatives of those who had encroached land within the sample	6	8	4	50	6	75	7	88
c. No. of settlers who had encroached land within the sample	5	4	3	75	3	76	3	75

The number of settlers giving out their lands to others for cultivation on "Ande" (share) basis increased from 46 percent in 1978/79 Maha to 54 percent in 1979/80 Maha. The average size of the land given on ande or lease was more than 2 acres during all three seasons, which means that a large part or even entire allotments of the settlers were cultivated and controlled by somebody else. Another important feature was the increasing number of settlers leasing out their lands. It has increased from 8 percent in 1979 Yala to 16.2 percent in 1979/80 Maha. But the average size of the land leased out has not increased during the last three seasons, which indicates that the settlers are leasing out only the part of the allotment which they could not manage due to various reasons. (Reasons for leasing and ande cultivation will be dealt with later).

The number of settlers giving out their lands, either to be cultivated on Ande or Lease, had steadily increased over the last three seasons. From a percentage of 54 percent given out in the Maha of 1978/79 this figure had reached 70 percent by the Maha of 1979/80. It is also indicated that there is an increasing number of farmers who cannot cultivate their allotments with their family members alone. When the total acreage leased or given out on Ande (share cultivation) is taken as a percentage of the total area actually cultivated during these three seasons, it is apparent, that more than half of these settlers' allotments were not cultivated by the settlers

and the settlers households are thus deprived of these harvests. The area leased out or given on Ande (share) has increased from 50 percent in 1978/79 Maha to 61 percent in 1979/80 Maha.

Under the Ande (share) cultivation settlers and the persons who invest and cultivate the settlers' allotments share the total production of the harvest. The common Ande (share) cultivation practice was that they share the production on a 25 percent and 75 percent share agreement, the lease getting 75 percent. This means the settler gets

cent in 1979 Yala to 9 percent in 1979/80 Maha; while the 25 percent and 75 percent Ande (share) cultivation has increased from 26 percent in 1978/79 Maha to 34 percent in 1979/80 Maha. The drop in the 50 percent Ande (share) agreement also indicates the decrease in the settlers share of production. When the same Ande (share) agreements are applied to land use we see that only 68 percent of the land area was utilized to obtain the actual total production of the settler households in 1978/79 Maha. It decreased to 53 percent in 1979/80. This trend also indicates that more than 50 percent of the total land area had come under the control of outsiders. The area leased out had almost doubled during the same period.

Distribution of Production and Cultivation of Allotments

The production of the allotments revealed very large variations, ranging from 92 bushels of paddy per acre to 3½ bushels. The fluctuations in production, during each season and the gap between the lowest and highest production per acre

TABLE 3.
Area Leased Out and Given Out on Ande

	Maha 78/79	Yala 1979	Maha 1979/80
(a) Total acreage of the allotments	92.50	92.50	92.50
(b) Acreage not cultivated	9.25	10.75	7.75
(c) Acreage cultivated	83.25	81.75	84.75
(d) Area rent/leased or shared	41.50	41.50	52.0
(e) Area rent/leased or shared as a percentage of cultivated area	50	51.0	61.0

only one quarter of the total production. Under the 50 percent share agreement, when a settler gets half of the total production, the lease cultivator contributes only 50 percent of the cost of production. This practice seems to be decreasing because the settlers could not contribute even half of the cost of production, not having sufficient capital at the beginning of the cultivation. As shown in the following table the total area given on 50 percent Ande (share) has decreased from 14 per-

cent varied widely. This indicates the difficulty of gaining insight into the actual production process of the sample because the "average production" could not be used as a common indicator to assess the real situation. It was apparent, that the level of production per acre in the sample area was lower than the production level of other neighbouring hamlets in the same block. Therefore, this sample could be considered a "weaker group" as far as production per acre is concerned.

Table 4 below indicates the reasons for various forms of hidden tenancy. Some farmers had two or three major reasons, which they considered equally important for leasing and share cropping, as those reasons were inter-connected and cumulatively influenced the leasing or giving out for cultivation on Ande. Lack of finance was the most common reason for changing cultivation practices among about 65 percent of the settlers. Amongst those settlers about 46 percent gave salinity problems as another important reason for giving out their lands for Ande (share) cultivation or lease. Another 27 percent of the settlers leased or gave out their lands for cultivation on Ande (share basis) to help the landless family members; which indicates the traditional means of problem solving, getting the allotment unit to live at the margin of subsistence rather than using it as a commercial family which would produce a surplus.

- lotments on lease or Ande (share) cultivation.
- (c) Production levels on the allotments given out on lease or Ande (share) has not increased. Therefore, generally both cultivator and settler continue to exist at relatively low income levels, though there are exceptions of better off cultivators who have more capital and who work the land of these settlers and engage them as paid labour. If the settlers continue to remain at these low levels of production or earnings it is apparent that there are no positive features in the whole process.
 - (d) The majority of the settlers, those who receive low production or output from their own lands, have to find some other sources of income within their reach from which they could earn more than they do at present.

Present trends indicate that the number of agricultural labourers in

only possible means to adopt to face the increasing economic hardships.

There are, however, several factors which encourage and force the settlers and their family members to cultivate their own 2.5 acre allotments, though they are not in fact doing so.

- (a) The size of the allotment could well support a settler family. Secondly, the allotments are surveyed and the territorial ownership has been granted to the settlers. There is now no other alternative for their survival unless the farmers cultivate their plots; especially when, unlike earlier, the present limitations of their other land resources and secondary activities are taken into consideration. Such restrictions, where they no longer have the same income sources have forced the settlers to cultivate their allotments.

- (b) Settlers were afraid of the new rules and regulations enforced by the management against the lease, renting or giving out for cultivation on Ande or transfer of their allotments to others. Although the management did not take any action, the settlers had a constant fear that the management would take over their allotments if they were not cultivating these.

- (c) The inefficient land use and disappointments in production during the past was mainly due to lack of water and irrigable land. The Mahavelli Irrigation Project will now help the settlers to overcome uncertainties and risks, which they had in the past.

- (d) There are more services such as water management, agricultural extension and community development provided to Mahavelli settlers as compared to services provided to other villagers. Credit facilities and other services are delivered through various government and non-government institutions.

If conditions are getting better for the settlers in the Mahavelli areas why is it that they do not all cultivate their allotments? Has this situation led to various forms of hidden transfer and control over the land, at least for a few seasons, or sometimes for longer periods?

Is the share of production actually received by the majority of the settlers diminishing with each season?

Why is it that the farmers are not able to make use of their entire allotments, and why should they have to transfer the control of production to others?

Why is it that larger numbers of settlers are becoming agricultural labourers?

To be concluded

TABLE 4

REASONS FOR GIVING OUT FOR CULTIVATION ON ANDE (SHARE) BASIS OR LEASING OUT OF LANDS

Reasons	No. of Settlers	Percentage *
1. To help landless family members ...	10	27.3
2. Illness ...	2	5.4
3. Unable to manage their own ...	11	29.7
4. Sudden financial problems ...	3	8.1
5. Lack of finance ...	24	64.9
6. Salinity or poor quality of soil ...	17	46.0
7. Others ...	3	8.1

* The 37 settlers all gave more than one reason why they gave out their lands. They generally did not assign any priorities to these reasons. The percentages relate to the proportion of settlers listing these particular reasons.

The following implications become apparent from the data set out in the foregoing pages:

- (a) The majority of the settlers could hardly survive, with their family members, on the production that they received every season. It would be even more difficult for them if other resources such as additional land and chena cultivation, poultry farming, dairy farming etc. were limited in the area. It is apparent therefore that they should have some other sources of income to survive.
- (b) The very low quantity and share of production received by them from the allotments given out on Ande (share) basis indicates that apart from the few who are better off most of these settlers will never have a chance in the present circumstances of getting back their land and of cultivation on their own. The low production received by the majority of settlers indicates the diminishing investment capacity of settlers which results in their inability to raise the necessary initial capital to work their own land. This in turn compels them to give al-

the sample will keep increasing due to the following reasons:

- (a) There has been a considerable increase of labour charges following the rising inflationary conditions within the economy; while increases in the cost of production and the diminishing returns from their cultivations aggravate the situation. It is thus more practical and perhaps more profitable to become agricultural labourers and earn some money for their day to day existence.
- (b) The majority of the settlers work as agricultural labourers in their own allotments, which helps them to give the impression that they are not breaking the rules and regulations as they appear to be the real cultivators.
- (c) There was an increasing demand for agricultural labourers within the area, especially during the peak seasons. Therefore it was the only possible alternative readily available to them and within their reach.
- (d) They could work as agricultural labourers and stop if they wished to at any time. Therefore this could be considered about the