LAND POLICY AND AGRARIAN CHANGE IN INDEPENDENT SRI LANKA

BY

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This paper reviews the land alienation programmes, land reforms and tenancy reforms implemented by the successive governments in Sri Lanka since independence, and their implications for changing agrarian relations. It is shown that these programmes did not result in a major breakthrough in the different modes of production prevailing in the plantation agriculture and the domestic food crop production sector, which were established by the British colonial government as a result of its land policy. Nor did they make a substantial contribution to solve the problems of small peasant proprietors, tenants and landless labourers. Nevertheless, colonisation schemes in the Dry Zone have so far been able to serve as a corrective to the development of serious tensions on the agrarian scene, particularly in the overcrowded Wet Zone. But recent changes in policies with regard to allocation of Dry Zone lands, which are aimed at attracting large scale private enterprise and capital into peasant agriculture, are likely to create further imbalances in the land ownership structure and rural employment.

Introduction

Even prior to the land reforms of 1972 and 1975, ownership of land in Sri Lanka had long been predominantly vested in the hands of the state. Acts enacted by the British colonial government provided the initial legal thrust for such a state ownership of land. All lands in the country that were not permanently occupied and those for which ownership could not be proven became the property of the Crown under the Crown Lands Encroachment Ordinance No. 12 of 1840. All village pastures, chenas\(^1\) and other land, which could otherwise have been reserved for the expansion of villages thus became Crown property. The Waste Land Ordinance of 1879 provided for a systematic survey of crown land, which helped the state to allocate areas for different purposes. Sale of lands by the state to foreign and indigenous capitalists for the opening up of plantations was greatly facilitated by this move. Sales were in large units of land and to the highest bidders, which favoured the investors, who had capital, to the detriment of the small farmers. As a consequence the peasantry in the Kandyan regions was exposed to the twin problems of landlessness and unemployment (Government of Ceylon 1951; Sarkar and Thambiah 1957).

Outright sale of Crown lands was stopped in 1916 and a system of leases was initiated. In 1920, this system was replaced by the programme of alienating Crown land to selected “middle class” Ceylonese and peasants. The Land Commission of 1927, however, declared that Crown land must be held by the government in trust for the whole population inhabiting the island and the lands should be allocated according to the interest of the community. This declaration created the precedence for the subsequent attempts at establishing colonisation schemes in the Dry Zone under the concept of “peasant proprietorship”, which were expected to help the landless in the Wet Zone.

\(^{1}\) Land used for shifting cultivation.
The most important piece of legislation which accelerated the process of peasant colonisation in the Dry Zone was the Land Development Ordinance of 1935. Under this act, land was to be allocated among selected peasants on a perpetual lease basis. Lands could not be disposed of without permission of the state, but the successors were to be nominated by the allotee. These measures were taken with a view to preventing the colony land fragmentation by inheritance and the dispossession of the lands through sales.

Not until 1939 did the colonisation process in the Dry Zone gain impetus. Government programmes to provide the colonists with housing facilities and farm services were to be organised under the “new policy” of land alienation introduced in that year. Infrastructural development, as well as improvements to and maintenance of irrigation structures, thus became the responsibility of the government.

Since independence in 1948, the successive Sri Lankan governments have made several changes in land alienation policy and implemented a series of land tenure reforms. These policies and programmes have also given rise to certain changes in agrarian relations. The purpose of the subsequent sections of this paper is to review these policy changes and their implications for agrarian change. The period under review is divided into several stages, i.e. 1948–71, 1972–77, and 1977–80. Land tenure reforms and changes in labour relations in agriculture are then discussed under separate headings.

Land Policy and Alienation, 1948–71

The Kandyan Peasantry Commission of 1950–51 (Government of Ceylon 1951) and the national parliamentarians even prior to independence had militated for the nationalisation of the plantations. These agitations were the indirect cause of a gradual transfer of foreign owned tea and rubber estates to the control of Ceylonese companies and individuals. The World Bank regretted this situation as follows: “...Transfer of foreign-owned tea and rubber estates has been going on for the last ten or fifteen years. Such growth of local interest is natural, and in the long run beneficial. Ceylonese observers point out, however, that it has often resulted in lowered efficiency, as well as later deterioration through subdivision of the estates... Accordingly, we urge that the government refrain from any action designed to force such transfers. They should be allowed to occur naturally, but not in a way to discourage the continued interest of those non-Ceylonese firms to whose enterprise and energy their creation was due” (World Bank 1952: 15–16).

The World Bank recommended, however, that the security of tenancies and the conditions of land ownership be improved, while steps be taken to prevent land fragmentation in the domestic (peasant) agricultural sector. In addition, the mission suggested a reduction in the size of allotments and that a lowered subsidy be given to each settler of the Dry Zone colonisation schemes. The establishment of a rental on land enabling the settlement of a greater number of families was further recommended. Tracts of irrigated land, it was also argued, should be leased out to the private sector in order to attract capital and enterprise into domestic agriculture.

Although there was no fundamental change in land policy during the period 1948 to 1971, the above recommendations of the World Bank were generally adhered to
by successive governments in their implementation of land alienation programmes. The process of colonisation in the Dry Zone was accelerated while a number of other land alienation schemes were also implemented. These are discussed below.

Further changes in the policy of alienation of land in the Dry Zone colonies took place as a result of the recommendations made in 1952 by the World Bank. In 1953, the size of individual allotments was reduced to five acres of paddy and two acres of highland.

The Land Commission of 1955 recommended the setting up of an organisation for land use planning in the colonisation schemes and the introduction of a system of land tenure involving three stages. In the first stage, the allottee would be subject to intense supervision and pay a nominal rent for a three year period. In stage two, the allottee might opt to pay in instalments the capital expenditure incurred during the initial development of his allotment. In stage three the allottee would be allowed to dispose of his land at will if all payments were completed. This latter recommendation was not accepted, because it was felt that the lands might be transferred to money lenders and the richer classes. Such a move was considered to run counter to the objectives of the colonisation schemes. Colony lands, it was decided, were therefore to be held by individual settlers on a 99 year leasehold basis.

From 1958 on, a policy of "advance alienation" was adopted by which the colonists were admitted to the schemes before the commencement of the land development work. Colonists themselves were to participate in the construction of channels, roads, etc., and preparation of land for cultivation, for which they would be paid. Once land clearing was over, the colonists were placed in possession of their allotments. This system resulted in the speedy development of land for colonisation. Participation in land development created a sense of self-reliance and independence among the colonists (Bansil 1971).

The scheme of advanced alienation was done away with in 1969 and a set of "new proposals" was drawn up with regard to the selection of colonists, land development and settlement. Under the revised system the lands were cleared by the labour hired by the Land Development Department. The colonists were then brought into the scheme, and settled in temporary huts provided by this department. They were subsequently provided with subsidies for building houses. Labour for house construction was to be provided by the colonists and their families. In the selection of allottees, preference had been earlier given to landless persons with large families. Agricultural knowhow, physical fitness, and practical experience in farming began to receive priority as criteria for selection in the new system.

The objectives of the Dry Zone resettlement schemes, thus established since the 1930s were: (a) to protect the peasant farmers as a class, (b) to solve the growing unemployment problem in the Wet Zone, (c) to increase food production, and (d) to establish new settlements as dynamic growth centres. Although these basic objectives were to a certain extent achieved, subsequent developments within the colonies appear to have created new problems.

Shifts in the island's demographic growth pattern have been a significant consequence of Dry Zone colonisation. The most densely populated area of the Dry Zone was Nuwarakalaviya, which had a population density of less than 30 inhabitants per square mile at the beginning of the twentieth century (Denham 1912). Colonisation helped to increase the population density by 1971 to 141 in Anuradha-
pura, 124 in Polonnaruwa and 337 in Hambantota (Department of Census and Statistics 1971). As a result, the proportional distribution of the total population between the two Zones has changed. In 1946, the Wet Zone comprised 87.9% of the total population, which figure decreased to 81.5% in 1971. The proportion of the total population contained in the Dry Zone, by contrast shows a 6.4% increase during the same period (Department of Census and Statistics 1946; 1971). Apart from increasing direct employment, colonisation provided seasonal employment to a substantial number of Wet Zone labourers. Schemes which were at least initially free from tenurial and institutional problems, fostered the adoption of high-yielding technologies in paddy farming. The contribution from the Dry Zone settlements to national paddy production is significant, as already some 20% of the country’s total paddy output is grown in the major colonisation schemes.

The rural to rural migration facilitated by the Dry Zone colonisation schemes thus helped to check, to a certain extent, the development of an otherwise serious agrarian situation in the Wet Zone. Colonisation has also been “...a politically more neutral solution to the problem of landlessness in the Wet Zone than, for example, land reform, which could have been less costly but more sensitive.” (Richards and Gooneratne 1980; 125-126).

All the objectives of irrigation and colonisation have, however, been realised at a great expense to the national economy, often involving costly foreign exchange which was largely obtained as credit and, to a lesser extent, as grants. The foreign exchange share of the total cost of major irrigation schemes has been about 55% in the past. This share was about 75% for colonisation schemes (Richards and Gooneratne 1980). The total unit cost per colonist of land development and irrigation was around Rs. 9,000 prior to 1956 (Bansil 1971). But this rose to about Rs. 16,000 during the latter part of the 1960s (Richards and Gooneratne 1980). In the late 1970s, the cost per settler was over three times greater than that prevailing during the 1960s.

Although the colonists started with holdings of similar size, with equal subsidies and institutional facilities, economic and social differentiation began to take place once production had begun. The idea of creating a homogenous class of contented peasantry remained, therefore, unfulfilled.

The new production technologies introduced to the colonies were successfully adopted by those who had some capital in their possession as well as better relations with extension workers. These same farmers also had better access to institutional credit, subsidised inputs and hired labour, and were able to cultivate their entire holding without getting into debt to moneylenders. Others who did not have required capital lagged behind in the adoption of new technology, while those who had poor access to institutional facilities leased out or mortgaged parts of their holdings to moneylenders, government servants, tractor owners and merchants. Some of them failed to redeem the land and ultimately had to part with their holdings. Customary laws of inheritance also began to operate within the colonies resulting in the emergence of complex, hardly legal forms of land tenure systems.

Thus, although the disposal and fragmentation of land were prohibited by law, de facto transfer and parcelisation of allotments could not be prevented. Some settlers in fact totally lost control over their land and were compelled to work as tenants (unregistered) or labourers on land they themselves had earlier possessed.
As a result of this polarisation process, the inegalitarian agrarian structure prevailing in the Wet Zone as well as purana villages in the Dry Zone began also to appear in the colonisation schemes soon after their establishment. Consequently, a small category of rich farmers operating large extents of paddy land came into existence side by side with a larger group of smaller subsistence farmers, tenants and an increasing number of landless labourers. Superimposed on this structure was the rich group of absentee landlords, merchants, money lenders, tractor owners and a cadre of officials of state institutions, who also contributed to the emergence and perpetuation of a stratified agrarian structure in the Dry Zone colonies.

Planned settlement in the Dry Zone has also opened opportunities for spontaneous settlement or what is popularly known as “encroachment.” Immigrants from the Wet Zone have been the principal encroachers. Some of purana villagers in the Dry Zone have also encroached on crown land. This type of illicit occupation of land has been mostly for cultivation purposes. According to official statistics, at the end of 1977 there were 178,741 acres of detected encroached land in the country, cultivated by 110,640 persons (cited in Richards and Gooneratne 1980). Almost one-third of this extent was in eight districts of the Dry Zone. This shows that spontaneous settlement has occurred at a rate faster than that of planned migration from Wet to Dry Zone since the latter part of the 1930s.

The encroachers, however, contributed largely to the country's food production through extensive cultivation of chillies, onions, vegetables, pulses and certain grain legumes. But the government has not been concerned with the provision to them of some institutional facilities to which most of the colonists were entitled. Having no title to land, the encroachers had no access to institutional credit or subsidy programmes. Many encroachers were concentrated in remote areas and were therefore cut off from colony infrastructure. This isolation posed problems for the marketing of their produce and obtaining agricultural extension advice. They were treated as “land grabbers”; and successive governments launched programmes from time to time to detect and evict or to regularise the position of occupants on encroached land. The small proportion of people who were able to obtain legal ownership to their land were those who had the ability to influence politicians and government officials.

Another form of land alienation was the Village Expansion Scheme, which mostly affected the Wet Zone from the latter part of the 1930s onwards. This scheme involved both the expansion of existing villages and the creation of new ones. In areas where adequate state lands were available, they were alienated to peasants for the building of houses and cultivation under the Land Development Ordinance of 1935 (Farmer 1957). But in the Wet Zone such lands were limited. The lands least suited for cultivation, both under plantations and private ownership, were therefore acquired for distribution among peasants under the Land Acquisition Act of 1950. By 1970, about 635,000 allottees had received plots under this legislation. The average size of an allotment varied from 0.17 to 1.33 acres (Moore and Perera 1978).

Studies on a number of village expansion schemes situated in various parts of the country show that the people in nearly all these villages live under conditions of poverty. The areas chosen comprised infertile and waterless land which are not suitable for cultivation. Many beneficiaries are without access to cultivable land elsewhere,

(2) Term for an old village in the Dry Zone.
since they were initially landless. Most of the villages are generally cut off from main roads, schools, medical facilities, etc. The majority of the villagers work as hired labourers in surrounding agricultural areas. These schemes have thus only slightly elevated the landless to a hardly better position of near landlessness. The result has been the socio-economic marginalisation of this category of the population who have been plunged into moral rootlessness (Moore and Perera 1978; Perera 1979; Moore et al 1979; Moore and Wickramasinghe 1980).

The Youth Schemes started in the mid 1960s were aimed at young people between 18 and 27 years of age. Their goal was to attract educated and unemployed youth to agriculture through the settlement of 23,500 persons in 235 rural locations. However, by 1973 only about 3,200 youths had been settled in 41 schemes (Ellman and Ratnaweera 1974).

The state launched two other schemes of land alienation in the 1960s, aimed at middle class non-peasant groups and large scale private enterprises. The lands which did not fall within the areas suitable for irrigation development and were thus considered marginal for agricultural development were to be alienated through these systems. The purpose of these programmes was to attract private capital for agricultural development, particularly for the expansion of subsidiary food crop production and the livestock industry. Funding was provided by the banks on subsidised terms and the government offered concessions for the import of tractors and other machines. Many of the alienees, however, only removed valuable timber from their allotments and did not significantly contribute to agricultural development (Bansil 1971). Thus, the middle class scheme was abandoned by the government in 1965, while leasing out land to private entrepreneurs was done away with in mid 1970.

**Land Reforms and Alienation Policy, 1972-77**

The United Front government which came into power in 1970 launched two ambitious land reform programmes in 1972 and 1975. Under the Land Reform Law No. 1 of 1972, all individuals owning highland in excess of a ceiling of 50 acres and paddy land in excess of 25 acres were to declare and hand over their estates to the state. This constituted phase I of this historic land reform programme under which a total of 563,411 acres of private lands were vested with the state between 1972 and 1973. Phase II of the programme was carried out under the Land Reform (Amendment) Law No. 39 of 1975, which resulted in a total of 417,957 acres of Sterling and Rupee Company estate lands being taken over by the government.

There were a number of reasons for such a massive transfer of land ownership. The 1970 election manifesto of the United Front, however, had not promised such a radical change. It had only made reference to the problems of landlessness in the Wet Zone villages and suggested relieving it by taking over marginal and neglected estate lands for redistribution among the landless. It was thus originally meant to take over lands under the Land Acquisition Ordinance of 1950 and to alienate these under the old Village Expansion Schemes. What, then, were the factors which motivated the 1972 and 1975 land reforms? Some had been evident ever since independence, while the most powerful motive sprang from events at a later date.

Concern about the Kandyan peasantry whose lands were dispossessed by the spread of plantation, fragmentation of paddy holdings, emergence of insecure and unproductive land tenure systems in the peasant sector, growing unemployment among rural youth, neglect of estates by management in fear of nationalisation, and
the desire to speed up the repatriation of Indian estate workers all added to the agitation over not only nationalisation of plantations but also redistribution of such lands among the landless peasants. Although the above factors were creating a considerable amount of pressure on the United Front government to initiate a land reform, not until the 1971 insurrection did it really contemplate such a step. The insurrection was perceived as a violent response to growing landlessness and unemployment, particularly among rural youth. The land reform was considered by the government as a long lasting solution to these twin problems. How far have land alienation policies subsequently followed by the government been able to achieve these objectives?

Restoration of land to the peasantry who lost it began, however, to be relegated to a position of low priority in the course of actual implementation of the land reform programme. Other priorities, such as, for instance, development of the food crop production sector on collective principles of ownership, came to the forefront. The change in priority was apparent from the following quotation from a speech made by the then Minister of Agriculture and Lands: “....land would not be distributed haphazardly, but that it would be cultivated and productivity increased... Grow more food should be our policy…” (Ceylon Daily News, 19.9.1975).

Alienation of land taken over by the government was carried out in three basic ways. Firstly, large estates were not broken down into smaller units but their management was entrusted to one or another of several public sector institutions. Secondly, some of the lands were brought under collective farms. Thirdly, marginal lands were distributed among individuals in small units.

The immediate impact of the land reform programme was a drop in agricultural production. This is clear from statistics presented in the Central Bank of Ceylon Annual Report in 1974. However, by 1977-78, due to improved management under the State Plantations Corporation and JANAWASAMA (People’s Estate Development Board), the estates sector had showed signs of progress (Central Bank of Ceylon, Reviews of the Economy 1977-80). Even so, the lands managed by other organisations—such as Village Councils, Multipurpose Cooperative Societies, Special Cooperatives and so forth – did show a fall in production levels during the period 1973-78. Ad hoc organisations like USAWASAMA (Upcountry Cooperative Estate Development Board) and Electoral Level Land Reform Cooperatives similarly performed badly. Production was also disrupted on the lands distributed to individual peasants. Lack of proper management was the main reason for the shortfall in production on lands managed by ad hoc institutions.

The government wished to generate additional employment opportunities through land reform in two ways by developing as yet undeveloped lands and improving, intensifying and diversifying the already developed lands. But the immediate impact on employment creation as a result of both these strategies was very limited due to a number of constraints. Already developed tea and rubber lands had by the mid-1970s reached a point of saturation in their labour requirements. Some plantations also had experienced problems of unemployment and underemployment even before land reform. Employment generation in such plantations depended on the accelerated repatriation of Indian workers and on diversifying economic activities. Both these were time consuming approaches and were difficult to achieve in the short run (ARTI 1978).

(3) But it is also claimed that depressed investment due to export taxes, restrictions on repatriation of profits abroad, the fear of a land reform, drought in the early 1970s, fertiliser shortages, etc., had been responsible for a continuing drop in production in the plantations since 1965 (ARTI 1978).
Production intensification and diversification of agriculture did not have much political impact among rural youth, since most members of the group were aiming at white collar jobs. Entrusting the management functions of the developed plantations to state organisations helped to generate employment opportunities mostly at middle management levels. These posts were mainly filled by the personnel already employed in state institutions, former agency houses and privately owned plantations.

Coconut lands, which could have generated a substantial amount of employment through intercropping, were neglected by most ad hoc institutions which were supposed to look after their management. At the same time, there was a displacement of labour previously employed on these lands by new management (ARTI 1977).

The lands distributed among the villagers under the village expansion programme were marginal lands of tea, rubber and coconut which needed large volumes of capital if they were to be developed. Employment generation on these lands was therefore negligible. Most of these lands were used to build the dwelling places of the allottees and their families.

Several types of cooperative agricultural enterprises constituted in the government's eyes the most important means of employment creation. These farms included 65 cooperative villages (samupakara gammana), 200 janawasas, 50 Divisional Development Council agricultural projects, and 18 cooperative farms managed by the National Youth Council. All these, however, provided employment for only about 20,000 persons. This represents a mere 4% of the total unemployed persons in the labour force of 503,580 in 1976 (ARTI 1978). Some of the persons working on these farms were former workers of the estates and hence, the net contribution of the janawasa programme to employment generation has been marginal.

The objectives of restoration of land to the landless peasantry was much publicised in the initial stages of land reform. This made the land reform programme popular among the masses and created the hope among the peasantry that they would become a land owning class. The redistribution programme failed to live up to these expectations due to various factors that are discussed below.

Given the seriousness of the problem of landlessness (defined as the lack of access to viable units of agricultural land) in the rural areas of Sri Lanka, a large scale redistribution programme could have meant even breaking up big estates into small units. But this was considered unwarranted and disruptive insofar as economies of scale in the production of plantation crops were concerned. There was a felt need to maintain production levels and the quality of produce, particularly with regard to tea and rubber. Smallholders would have found it difficult to realise economies of scale within the existing infrastructure and marketing facilities. Another factor that prevented a massive redistribution of tea and rubber lands was the presence of a resident labour force which could not have been overlooked in any circumstances. If the large estates had been redistributed in small units, the resident labourers would have had to be expelled. This could have created a serious political problem.

Attempts at creating a large population of small land owners cultivating plantation crops would moreover have added to the problems of the already existing smallholder sector. The latter was already experiencing problems with regard to productivity, quality of produce and marketing. Enlarging such a sector through the
breaking up of large estates would have meant still heavier involvement of the state in the provision of credit, subsidies, input supplies, research, extension and marketing facilities. The government was not in a position to undertake such a massive programme of investment.

Although the alienation policy was thus convincing enough according to economic arguments, it failed to convince the peasants who were expecting a fair deal from the land reform programme. There was growing discontent among the peasantry, who felt neglected. Attempts at solving the problems of landlessness and unemployment through the collective farm approach had benefitted only a few when it began to prove a failure around 1976. Parliamentarians from the Kandyan areas were also involved in agitation over these issues. These considerations compelled the Minister of Agriculture and Lands to change his earlier land alienation policy, and to make arrangements for redistributing land among the landless under the village expansion programme. This change in policy resulted in a total of about 120,000 acres being redistributed among landless villagers by end of May 1977. This represents about 12% of the total lands vested with the state under both phases of the land reform programme. Most of lands so distributed were handed over in small units of 1/2 to 1 acre.

Landlessness in rural areas outside the large estates was, however, identified more with the lack of access to viable paddy holdings. The land reforms failed to make any appreciable impact on the paddy sector. Only about 20,000 acres or 1.3% of the total lands taken over were asweddumised paddy lands. Redistribution of this derisory amount of paddy land could not be expected to solve the problem of landlessness in that sector. On the other hand, the ceiling fixed for paddy holdings under the Land Reform Law No. 1 of 1972 was too high (25 acres) for the government to take over a higher proportion of paddy lands. The bulk of the paddy lands vested with the government was located in the southeast and eastern parts of the country where paddy cultivation was practised on a commercial scale by tenants using hired labour. Landlessness in rural areas outside the large estates was, however, identified more with the lack of access to viable paddy holdings. The land reforms failed to make any appreciable impact on the paddy sector. Only about 20,000 acres or 1.3% of the total lands taken over were asweddumised paddy lands. Redistribution of this derisory amount of paddy land could not be expected to solve the problem of landlessness in that sector. On the other hand, the ceiling fixed for paddy holdings under the Land Reform Law No. 1 of 1972 was too high (25 acres) for the government to take over a higher proportion of paddy lands. The bulk of the paddy lands vested with the government was located in the southeast and eastern parts of the country where paddy cultivation was practised on a commercial scale by tenants using hired labour. Tenancy rights spelled out in the Paddy Lands Act of 1958 were also guaranteed by the Land Reform Act. Therefore, these paddy lands could not be brought under an effective redistribution programme. In the upcountry areas, where tenants were cultivating large extents of paddy lands owned by temples and private individuals, land reform also made little impact. Moreover, 1972 land reforms did not result in the consolidation of microholdings, redistribution of viable paddy holdings or a transfer of ownership from landlords to tenants, which should have been essential elements of a true land reform programme in the paddy sector of Sri Lanka.

The major emphasis of the government during the period 1972/77 was on the land reform programme. Nevertheless, new colonisation schemes in the Dry Zone were also started, though they incorporated certain changes as regards the size of allotment. With the objectives of settling a larger number of families and reducing the cost per family, the unit of alienation was kept at 2 acres of irrigated lowland and 1 acre of highland from 1963 to 1975. This policy was changed in 1975 under the Mahaweli settlement programme, when the unit of alienation was adjusted to 2 1/2 acres of irrigable land and 1/2 acre for the homestead.

Land Policy and Alienation 1977-80

This period witnessed a change in certain policies with regard to management of plantations vested with the state under the land reform programmes of 1972 and 1975. The United National Party (UNP) government which came to power in 1977
first transferred two large estate management agencies—Usawasama and Janawasama from the Ministry of Agriculture and Lands to the Ministry of Plantation Industries. Usawasama was subsequently abolished and the plantations hitherto managed by it were handed over to the State Plantations Corporation (SPC) and Janawasama. The new government also decided to liquidate the Electoral Level Land Reform Cooperatives and to relinquish the plantations managed by it to the SPC and Janawasama. In 1978, some estates over 250 acres in extent previously managed by the Janawasa Commission were also transferred to these two major state institutions.

In June, 1979 the Land Grants (Special Provisions) Act of No. 43 was passed by Parliament to enable free distribution of lands vested with the state among landless villagers. The law was put into effect in the latter part of 1979. It made provision for the redistribution of land to about 100,000 landless families. Each unit of land was to be about one acre in size. This was an insufficient base for effective agriculture but it was enough for the building of a house, as had been the case in the earlier distribution carried out under the Village Expansion Scheme.

Members of Janawasa and certain cooperative farms established between 1973 and 1976 had to move away from these settlements in 1978 when the land was taken over by other estate management organisations. Moreover, the government reviewed the progress of the Divisional Development Council (DDC) farms and the Youth Settlement Schemes in 1977 and 1978. It was decided as a result to dismantle all the DDC projects and all but a few of the youth schemes managed by the National Youth Council.

With regard to the food crop production sector, colonisation in the Dry Zone was pursued at an even greater pace, particularly under the Mahaweli settlement programme. A large proportion of the settlers in the Mahaweli region have so far come from within the areas affected, i.e. surrounding purana villages and old colonisation schemes (Central Bank of Ceylon Review of the Economy 1980). Scope for the resettlement of Wet Zone villagers has been limited.

The most recent announcements in relation to land alienation policy reflect a trend towards the large scale spread of capitalism into the non-plantation agricultural sector, particularly in the Dry Zone. The relevant statements of policy were made in 1980-81. Little has however as yet happened on the ground. Decisions taken include the leasing out (i) of some 24,000 acres of irrigable land in the Mahaweli area to a foreign company for oil palm cultivation, and (ii) of 8,000 acres to a sugar production company for the cultivation of sugar. Leasing out land to foreign companies will mean not only capital intensive production using hired labour but also a restriction of lands that could have otherwise been distributed among individual peasants in smaller units.

The recent attempts at granting land titles to settlers in the Dry Zone colonies will be instrumental in speeding up the process of fragmentation, renting, mortgaging and ultimate dispossession of lands of smallholders, unless more vigorous programmes are initiated to serve small farmers in the spheres of input supply, farm financing, extension and the marketing of produce. If the acquisition of colony lands by outside entrepreneurs by the manipulation of usury or by purchase happens on a large scale, it would result in serious imbalances of land ownership in the peasant sector, thereby adding to the already very considerable category of landless labourers. In the absence of healthy agro-industrial or manufacturing sectors, emerging situation is likely to create a serious problem of rural unemployment.
Tenancy Reforms 1953-80

In Sri Lanka, the growing insecurity of tenancy and the exorbitant rents paid by tenants were considered largely responsible for the state of low productivity in the paddy sector from the early 1950s onwards. A number of legislative enactments were carried out by successive governments with a view to providing security of tenure and to ensure fair rents. These include the Paddy Lands Acts No. 1 of 1953 and No. 1 of 1958, the Agricultural Productivity Law No. 22 of 1972, the Agricultural Lands Law No. 42 of 1973 and the Agrarian Services Act No. 58 of 1979.

As a means of tenancy reform the 1953 Act was a failure. It was operational only in the two districts of Hambantota and Batticaloa. Under this Act, tenants were required to obtain a letter from the landlords certifying that they were in fact renting land which only resulted in the eviction of those who requested it (Herring 1974). The 1958 Act sought primarily to secure tenancies of asweddamised paddy lands on a permanent and heritable basis and to fix rents at a maximum of 25 percent of the harvest or 12 bushels per acre, whichever was less. This maximum rent varied from one province to another. The Act also made provision for the proportional reduction of rents in bad crop seasons. The architects of this piece of legislation in fact perceived the multifaceted character of the tenant-landlord relation, which is not simply a tenure contract. It comprises several other aspects like provision of credit, seed, fertiliser, draught animals, etc. In recognition of this complexity, Cultivation Committees were established at the village level and the Department of Agrarian Services was created to look after the supply of inputs, crop insurance and credit, in addition to implementing the primary provisions of the Act.

Although the 1958 Act was successful in creating consciousness among tenants of their new legal rights to have a secure tenancy contract and in establishing a village level institution to look after cultivation matters for the first time, it was a failure insofar as it did not actually guarantee security of tenure and the stability of rents. The Act was a compromise between the position of a Marxist politician who perceived the landlord-tenant relationship as exploitative, on the one hand, and of those conservative landlord Members of Parliament who saw it as a patron-client relationship, on the other (Herring 1981; Gold 1977). For example, although the initial bill provided for the immediate restoration of evicted tenants on their land pending an enquiry, this clause had to be abandoned under pressure from conservative opponents who pointed out that this would have violated established laws. The claim was clearly a reflection of landlords' interests. Similarly the draft had proposed that non-cultivators be excluded from the Cultivation Committees. But a compromise formula was finally adopted whereby cultivators were to make up no less than three-fourths of the membership.

The Act had in practice several adverse effects. Immediately after its introduction, a spate of evictions occurred throughout the Island. Until 1963, the Law was operational in only some of the 22 districts, which gave an opportunity to the landlords in the remaining districts to evict their tenants before it was applied in their areas. Thus, by 1960, 18,000 cases of eviction had been reported. Between 1958 and 1972, nearly 43,000 cases of evictions were reported. In only about 25% of these cases were tenancy rights eventually restored (Weerawardena 1975). It is likely moreover that there were a large number of cases of eviction which remained unreported for fear of coercion by landlords. Some tenants did not attempt to get
themselves registered in the Paddy Lands Register and even gave into pressures forcing them to accept the status of agricultural labourers in exchange for the right to continue to cultivate a given plot of land (Raza 1970).

The failure of the 1958 Act to secure the position of tenants was mainly due to weaknesses inherent in the legislation itself. The constitutionality of the Law was questioned in the courts. The authority of Assistant Commissioners of Agrarian Services to adjudicate over complaints of evictions was particularly challenged. The courts interpreted eviction as forcibly and physically ejecting a tenant from the paddy field but overlooked the more usual practice of simply refusing to allow the tenant to till the land (Herring 1981). Cultivation Committees were in the initial stages perceived by the courts as illegitimately constituted because many landlords boycotted them. The Committees were thus unable to help evicted tenants and could not issue vacating orders to the landlords guilty of unlawful eviction. The Act had to be amended five times between 1958 and 1970 to rectify these loopholes. But the amendments did not result in appreciable improvements over the earlier situation. Under the 1964 amendment, non-cultivators and agricultural labourers were excluded from membership of the Cultivation Committees.

The rent stipulations of the Paddy Lands Act were generally adhered to only in the less densely populated areas lying in the northeastern, eastern and southeastern parts of the island (ARTI 1978). The main reasons for this was that there were no age-old traditions or customs governing tenant-landlord relations in these newly developed areas. Moreover, there was no scarcity of land in these provinces when compared with, for example, the Kandyan region, where tenancy was widespread and rentals were much higher.

The 1972 and 1973 legislations also failed to overcome the weaknesses of the Paddy Lands Act of 1958, whereby it was possible to force tenants to register as labourers, landlords could claim to be owner cultivators, landlords could frequently change their tenants and charge high rentals. The Agricultural Productivity Law of 1972 and the Agricultural Lands Law of 1973 included provisions for the appointment of agricultural tribunals to hear and decide on matters relating to tenancies. But the tribunals started functioning only in 1975 and were then dismantled in 1977. The Agricultural Productivity Committees and Cultivation Committees appointed under 1972 and 1973 Laws comprised a number of politically appointed members, who did not do much for betterment of the tenants. After their abolition in 1977, a fresh wave of evictions must have taken place, although their exact numbers are not known.

Even the Agrarian Services Act of 1979 does not seem to avoid all the weaknesses of the original Paddy Lands Act. Agrarian Services Committees now comprise more public officials than the owner cultivators or tenants. Moreover, the new Act seems to be more favourable to the landlords than to the tenants by restricting the amount of land that can be held by any one tenant to five acres and by increasing the rent to 15 bushels or 25 percent of the produce, whichever is greater. Virtually all tenants have to pay a higher share of produce to the landlord. The declared objective of these innovations is to persuade the tenants to till the land more efficiently and also to provide an incentive for the landlords to rent out land. It is nevertheless patent that the primary objective of the whole Act is to improve the efficiency of cultivation, rather than to guarantee greater security of tenure or to control rents. This is also clear from the fact that provisions with regard to tenancies and measures to improve productivity have been incorporated under one and
the same Act, which was not the case in earlier instances. Although the tenant’s land ceiling, if implemented effectively, would prevent the emergence of registered tenants cultivating large land holdings, there is no way of checking the possibility of tenants remaining not registered in the Paddy Lands Register. Moreover, it is likely that many landlords will take over tenant’s land and retain greater areas for self-operation, as there is no provision to control the amount of land cultivated by owner farmers (subject, of course, to the ceiling of 25 acres stipulated by Land Reform Law No. 1 of 1972).

Changes in landlord-tenant relationships have taken place as consequences of the Paddy Lands Act of 1958 and its subsequent amendments. In most cases, these have been to the detriment of tenants themselves. In the central highlands and southwestern areas of Sri Lanka, the tenant-landlord relationship closely corresponded to the patron-client model of pre-colonial times (Ryan 1958; ARTI 1975). However, in those areas as well as in many rural areas in the rest of the country, the patron-client relations have waned to varying degrees, having its effects on tenurial relations.

A case study conducted in a Kandyan village by Silva (1979) provides useful insights into the causes of deteriorating patron-client relationships. According to this writer, the traditional social structure was one of tenants both supplying caste services and demonstrating a general willingness to run errands or otherwise help when required to by their upper caste landlords. In return, the clients received the security of a plot of land to cultivate, occasional gifts in kind, and assistance when they were in trouble or exceptionally in need of money. But these social relations were disrupted by the Paddy Lands Act, the introduction of commercial vegetable cultivation, the spread of modern values, and the party political system.

In the Dry Zone colonisation schemes, various new forms of sharecropping tenancy have emerged. Some of the original settlers, having being dispossessed of their land, work as tenants. Money lenders, tractor-owners, traders, rice mill owners and government servants act as land owning patrons. Some of them are not resident in the colonies themselves but are in urban areas. The absentee landowners have sometimes appointed agents at the village level to look after their paddy land. In Hambantota district these agents are called gambarayas. Often the gambarayas cannot cultivate the land themselves because they have to manage large paddy tracts. They allocate the land they administer among several tenants. These tenants are not often registered and are hence not subject to conditions provided by the tenancy regulation laws. Where the gambarayas do not provide any other assistance, the tenants mostly pay about 25% of the produce. But such cases are rare. The gambarayas often supply credit, draught power and inputs and appropriate more than two thirds of the harvest.

Hired Labour in Agriculture

The large scale use of hired labour was an important feature of the capitalistic plantation enclaves opened up by the British mainly during the 19th century. La-
bourers were brought in from South India. However, political independence, repatriation of South Indian Tamils and the nationalisation of estates have led to the increasing employment of Sri Lankan labourers in work on the plantations. From the beginning Indian labourers were kept on the estates in line rooms and were paid very low daily wages. A number of legislative enactments—such as enforcement of minimum wage rates—were later introduced for the welfare of estate workers. Middle class Indian Tamils organised this plantation proletariat into relatively powerful trade unions in the late 1930s (Jayawardena 1972). Even after the nationalisation of estates as a result of land reform, the highly stratified and authoritarian management system did not change to any great extent. It is a fact that, despite the long history of trade unionism and government welfare measures, estate labourers are still living at minimum subsistence levels (Bond 1974; Jayawardena 1979; Dawood 1980).

The use of hired labour in peasant agriculture began to gather momentum after the opening up of large scale colonisation schemes in the Dry Zone from the late 1930s onwards. However, feudal and semi-feudal forms of corvee labour as well as the practice of exchange (attam) labour did not entirely disappear even in this new context (Gunasinghe 1975). The rajakariya system, by which feudal lords and temples got their paddy land cultivated, is still in existence in certain Kandyan areas, though it was officially abolished by the British in 1833. Various forms of insecure tenancies which require high rentals to be paid is another form of labour service still prevailing on a wide scale (see section on tenancy reforms).

Exchange labour could not be practised in the Dry Zone colonisation schemes where cultivation had to be done according to specific time schedules and where each and every farmer had from the outset to cultivate a paddy holding of similar size. But colonists with inadequate family labour did resort to the use of hired labour on a large scale. Although a group of landless labourers, encroachers and marginal farmers came to be available within the Dry Zone areas in the later stages of colony development, hired labour had nonetheless still to be sought from the Wet Zone areas, particularly during peak periods of farming. Thus, an organised movement of seasonal migratory labour now occurs from the Wet to the Dry Zone (Crooks and Ranbanda 1981).

There are no accurate estimates of the number of hired labourers in peasant agriculture. However, there is no doubt that their number has been growing ever since the beginning of the 20th century. Estimates are difficult to find for the pre-1970 period, but the 1971 Census of Population judged that there were some 200,000 hired workers (wage earners) in peasant agriculture in Sri Lanka in that year (cited in Gunawardena 1979). The Land and Labour Use Survey of the Central Bank of Ceylon (1975, unpublished, cited in Perera and Gunawardena 1980) estimated that 600,000 persons were hiring out their manpower in peasant agriculture and that 55% of these were landless labourers.

Village studies show that a considerable proportion of those engaged in agricultural occupation work as wage earners (i.e. hired labourers). For example, Perera and Gunawardena (1980) state, as a result of their survey of agricultural labour in nine villages, that about 40 percent of the rural households covered comprise one or more hired labourers who are active in agriculture. They also found that the proportion of agricultural labourers as a percentage of the total workforce engaged in agriculture varied from 44% to 88% in the villages studied.

(5) This is because, for example, irrigation water was issued on specific days so that all farmers had to complete land preparation within a certain period of time.
Work relating to paddy and other food crop cultivation is seasonal with peaks and troughs of activity. Therefore, peasant agriculture unlike the estate sector does not allow the farmers to have a permanent or attached force of hired workers. The workers are thus hired on casual terms for which they are mostly paid a daily wage. Sometimes work is performed on a contract or piece rate basis.

Growing problems of landlessness as well as the inadequacy of job expansion both within agriculture and in the industrial sector have resulted in an increasing group of rural labourers remaining unemployed during the major part of the year. But they still have to depend on agriculture to make a living. This, together with inflation, has led to a regression of real wages which in turn has resulted in a low level of living for nearly all rural labourers. The working conditions or wages of the hired labourers in the rural sector have not been the subject of national legislation, as was the case in the estate and urban sectors. Nor have land and tenancy reforms improved the conditions of hired labourers in peasant agriculture (Wickramasekara 1977; Gunawardena 1979 and 1981; Perera and Gunawardena 1980).

Despite a few scattered group efforts by labourers—such as those reported by Harris (1977) and Wickramasekara (1977)—their dependency on their employers for employment and wages has prevented them from organising for collective bargaining. Nevertheless, some recent trends in labour relations emerging in the peasant sector are worthy of note in this connection. There is a small category of capitalist farmers cultivating their large paddy tracts by using only hired labour. They mostly recruit hired labour through intermediary contractors and there are no personalised relationships between them and the hired labourers. These conditions, if continued and grew in magnitude, are likely to create an environment which will even give rise to spontaneous labour organisations in the peasant agricultural sector in future.

Concluding Remarks

Most recent changes in land alienation policy which are aimed at attracting large scale private enterprise and capital into peasant agriculture would, inter alia, accelerate the differentiation process of the peasantry. The stratified peasantry would then contain a small category of capitalist farmers and firms with large scale farming enterprises, an even larger number of small and marginal farmers, (some of whom would be tenants), a powerful class of traders and tractor owners who combine money lending; marketing and input supplies, and an ever enlarging group of landless labourers. This differentiation process, which is an inevitable outcome of the penetration of the capitalist mode of production into peasant agriculture, would even lead to a tension situation in the agrarian scene through the creation of further imbalances in land ownership structure and rural employment. The agrarian unrest would reach unmanageable proportions if no programmes are initiated to develop the small peasant proprietors on a sound basis and to increase the labour absorptive capacities in agriculture as well as in manufacturing industries with a view to providing sufficient employment opportunities to the increasing group of landless labourers. These hypotheses should of course, be subject to intensive research, which could form an important part of the studies of agrarian relations in Sri Lanka in future.

REFERENCES


