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THE ROLE OF RURAL ORGANISATIONS IN RURAL DEVELOPMENT
IN SRI LANKA

PART I - A NATIONAL SURVEY OF SRI LANKA 1950-1975

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THE ROLE OF RURAL ORGANISATIONS IN RURAL DEVELOPMENT

- A NATIONAL SURVEY OF SRI LANKA 1950-75 -

SOCIO-ECONOMIC BACKGROUND

1. The conceptual framework of rural development that has been adopted in this paper is that provided in the first Study entitled "Approaches to Rural Development in Asia" undertaken by the Asian Centre for Development Administration (ACDA).¹ This definition and the seven accompanying indicators contain a near-comprehensive "philosophy" of rural development. Nevertheless, different countries have tried to emphasise some parameters as against others in the formulation and implementation of policies for the rural areas. These variations in emphasis have arisen not only due to economic considerations but also the political and social climate in which national policies have to be evolved and implemented. In the case of Sri Lanka, five of the indicators, (other than mobility in the local class structure and changes in values) have occupied special importance in rural development programmes. But the emphasis and the intensity with which they have been applied have varied during different periods of time.

2. In this connection it should also be borne in mind that all important areas of rural development are not served by rural organisations. The Central Government may decide that some of its important rural development activities should be carried out through the intervention of State Agencies either directly or by way of grants to voluntary organisations. This in fact has been the case in Sri Lanka in several major areas of rural development, as will be discussed later in this paper.

¹Rural development was defined as "a process which leads to a rise in the capacity of rural people to control their environment accompanied by wider distribution of benefits resulting from such a control". Seven indicators of rural development were identified. These were as follows:

(a) Changes in agricultural productivity per hectare of both small scale and large scale units of production; (b) changes in the extent of rural employment, unemployment and under-employment; (c) changes in the distribution of income and wealth to be determined in two ways: (i) changes in income of different income groups and (ii) changes in the ownership of land; (d) changes in distribution of power and influence and participation in decision making; (e) changes in the degree of mobility in the local class structure as reflected in the allocation of positions of prestige, status and power on the basis of achievement or ascription and in the removal of barriers to access to public facilities; (f) welfare indicators such as changes in literacy, level of schooling, number of persons per doctor, the mortality rate, life expectancy, number of hospitals, housing, rural electrification, rural roads and levels of nutrition; and (g) changes in values, beliefs and attitudes of State Agencies either directly or by way of grants to voluntary organisations. This conceptual framework has been valid in the case of Sri Lanka in several major areas of rural development as will be discussed later in this Paper.

3. There are four important considerations which form an essential background to an understanding of rural life in Sri Lanka. The first is that Sri Lanka is primarily a rural and agricultural country. In the 1940s over 80% of the population lived in the rural areas. Even today nearly 75% of the population live in the rural areas. Agriculture still constitutes the most important sector of the economy contributing nearly one-third of the gross domestic product (twice as much as the next most important sector) and employing half the gainfully employed population (nearly three times as many as the next most important industry).

4. The second consideration which in fact originates from the rural character of Sri Lanka is the heavy emphasis that national legislatures have always shown towards investments in the rural areas. The Donoughmore Constitution adopted in 1931 made the Members of the State Council dependent on the rural voter for their election. It was, therefore, not surprising that the Constitution adopted in 1948, when Sri Lanka attained Independence, provided even a more predominant position to the rural voters. The Constitution provided for a Lower House on the basis of electorates demarcated on considerations of geographical area and population density and set the political framework for future national development. This political framework was given its driving force by a far reaching change introduced in 1931 under the Donoughmore Constitution, namely, the grant of Adult Franchise for men and women.

5. The third consideration is that the rural society of Sri Lanka consists of two sectors: the plantation sector and the domestic sector. In the plantation sector the principal export crops, tea, rubber and coconut have been cultivated since the time of the British occupation. Tea and rubber were cultivated mostly in large estates employing immigrant Indian labour. The domestic sector consists of the peasants and small holders who cultivate food crops, the small craftsmen, traders and landless agricultural labour. The plantation sector and the domestic sector have been graphically described as two worlds that existed side by side without much interaction between them. This paper will not deal with the plantation sector because there are no rural organisations serving that sector and the organisations that are the subject of this Study have been established solely or primarily to serve the non-plantation sector of the rural areas.

6. The last consideration is that for many years before and after the attainment of Independence in 1948, Sri Lanka was ruled by a western oriented, English educated, political and administrative elite.

7. For the purpose of this survey the period 1950-75 can be separated into three broad periods: 1948-58; 1958-65 and 1965-75. During the first decade after Independence the basic national strategy was very much the same as before Independence. The plantations consisting of tea, rubber and coconut were treated as the mainstay of the economy. Nearly all the items of food and consumer goods including luxury and semi-luxury items were imported liberally into the country. The Central Bank in its first Annual Report issued in 1950 had observed that Sri Lanka was in a very sound financial position on account of the favourable balance of trade and the

large amount of external assets that she held. At the end of 1950 the external reserves of the country stood at Rs.1,083 million and this was equal to 92 per cent of the value of imports in that year. This happy financial situation, however, did not last very long and showed signs of deterioration after the immediate post-Independence years of buoyancy.

8. The major rural development activities during the period 1948-58 consisted of large scale investments in land development, irrigation, health and education services. The total acreage alienated for settlement upto 1957 was 700,000. During the period 1946-58, 219,857 acres were added under major and minor irrigation schemes. Recurrent expenditure on education rose progressively from Rs.85 million in 1949/50 to Rs.227.5 million in 1958/59. The expenditure on health services rose from Rs.50.2 million in the financial year 1949/50 to Rs.140.5 million in 1958/59.

9. However, for the purpose of this survey, it is important to note that these rural development programmes were carried out through Government departments and agencies rather than rural organisations. The land alienation, development and settlement programmes were carried out largely by the department of the Land Commissioner and the Department of Land Development. The irrigation programmes were carried out by the Irrigation Department. At the district and village level it was the Government Agent and his supporting staff that exercised powers of decision-making and coordination in implementing the rural development programmes of this period. Education was provided by the Government schools or the schools assisted by the Government. The health services were provided by Government medical institutions and the health centres.

10. The period 1948-58 can therefore be basically described as a period in which rural development programmes were carried out in Sri Lanka without the establishment of rural organisations. The only exceptions were the cooperatives, which were mainly dealing in the distribution of consumer goods, the Rural Development Societies which were undertaking small village works, and a few non-Government organisations such as the Lanka Mahila Samities which carried out rural welfare programmes in isolated areas. These organisations were in receipt of some financial assistance from the Government and were therefore subjected to some degree of Government supervision and control. Rural institutions can arise only when there is an educated rural elite and there is a demand for participation in the affairs of Government. Even though a generous system of free education was provided throughout the island during this period, the positions of power and responsibility were available largely to those receiving education in English. The Ceylon Civil Service, for instance, which originated in the British Colonial period, provided a cadre of selected and elitist administrators for implementing development programmes in the rural areas.

11. The period 1958-65 witnessed some far reaching changes in the political, economic and social climate of the country. The United National Party which had ruled the country since Independence in 1948 was decisively defeated in the General Elections of 1956. The new Government - The Mahajana Eksath Peramma - had promised far reaching changes in the economy and society of the country to "... give a place to the common man,". The

introduction of Sinhala as the official language in 1956 created conditions for a qualitative change in the balance of power between the rural areas and the English educated elite which had managed the affairs of the country up to that time. There was a resurgence of the Sinhala educated rural elite which began to exercise considerable political power within and outside Parliament after 1956.

12. On the economic front there was a continuing deterioration in the balance of trade situation. In 1958 the deficit in the trade balance was Rs.89 million and in 1964 it was as much as Rs.193 million. A fast growing population was adding its burdens on the economy. The estimated population in 1958 was 9,388,000 and in 1965 it was 11,164,000 an increase of nearly 2.7 per cent per year.

13. It was against this background that the Paddy Lands Act, No.1 of 1958 which established the institution of the Cultivation Committee was adopted as a major piece of agrarian legislation. (The institution of the Cultivation Committee is discussed in paras 78 to 93 of this paper). Similarly, a major reorganisation of the Cooperative movement was undertaken under the Mahajana Eksath Peramuna Government. The Agricultural Plan issued by the Ministry of Agriculture and Food in 1958 attempted perhaps for the first time, to relate institutions such as Cultivation Committees and Cooperatives towards planned agricultural development in the rural areas.¹

14. The period 1965-75 witnessed the emergence of economic and social problems which were far graver than those that emerged during the period 1958-65. By 1966, the external resources declined very sharply to reach the low level of 281.9 million. Thereafter the dwindling external assets have been a major concern of the Government. In 1968 the external assets rose to Rs.417.4 million but dropped by 22% to Rs.327.5 million the next year. It again picked up gradually to reach Rs.835.3 million in 1974 but dropped to Rs.833.9 million in 1975. The rapid increase in population began to exercise severe pressures on the economy during this period. On account of the unprecedented rate of increase of Sri Lanka's population during the last 25 years the country carries a larger group of young people with attendant economic and social problems. In the 1971 Census 39.3% of the population was found to be in the age group 0-14 years giving a dependence ratio of children of 70.0%. In 1946 this ratio was 62.8%. The rapid growth in population aggravated from year to year the problems that the country had to face on account of its extensive social welfare measures which were continued by successive Governments. These benefits included subsidies on essential food stuffs, particularly rice, free education, free medical care and subsidised prices of public transport. The expenditure (in Rupees Million) on social welfare services for some years is given below:

	Subsidy on rice	Education	Health	Welfare expenditure as % of total current expenditure
1949/50	39.0	85.0	50.2	32.43
1959/60	187.0	270.4	139.2	43.80
1969/70	307.5	472.4	235.7	33.50
1974	776.3	579.3	288.9	41.21

¹Agricultural Plan: First Report of the Ministry Planning Committee. Ministry of Agriculture and Food, 1958.

15. The insurrection of 1971 in which large numbers of young men and women participated is perhaps an indication of the sense of economic and social insecurity under which they had been living.

16. These severe economic and social problems within the country were further aggravated by the crisis of the international monetary system which struck the developed countries of the world. The escalation in the price of oil also added to Sri Lanka's burdens. The country was called upon to pay 300-400% more for her imports and specially the food imports essential to the life of the community. In facing this situation the Government adopted a two-sided strategy which carried with it a high degree of self-reliance. One was the policy of banning or drastically reducing the import of all items of food which had reasonable potential of being grown locally. Some of the major items, the imports of which were terminated, were meat, fish, eggs, dried chillies, onions, potatoes and lentils. These decisions provided valuable incentives for the development of local production in these commodities.

17. The other side of the strategy was to make maximum use of local resources (principally, land and the people). It is in this context that the Land Reform Law No.1 of 1972 has to be placed. The imposition of a ceiling of 50 acres (and 25 acres in the case of paddy lands) enabled the Government to obtain about 560,000 acres and vest it in the Land Reform Commission. The legislation specifically provided that land vested in the Land Reform Commission should be utilised in a manner which will result in an increase in its productivity and in the employment generated from such lands. The nationalisation of estates owned by public companies under the Land Reform Amendment Law of 1975 vested nearly 415,000 acres of land in the Land Reform Commission. The Land Reform Law No.1 of 1972 was accompanied by another interesting and far reaching Law known as the Agricultural Productivity Law No.2 of 1972. It is under this Law that Agricultural Productivity Committees were established. (Agricultural Productivity Committees are discussed in paras 131 to 142 in this paper).

18. The important policy objectives of the Government during the period 1970-75 could be summarised as follows:

- (a) A massive effort at domestic food production supported by the banning of imports and the introduction of monetary, fiscal and other policies providing incentives to the rural sector.
- (b) To raise the living standards of the low income groups, increase output particularly in agriculture and take appropriate measures to redistribute income.
- (c) To launch a major thrust in solving the problem of unemployment.
- (d) To maximise utilisation of labour and local resources in which the matching of land and the people was to occupy a place of importance.

- (e) The development of a new export sector consisting of non-traditional items of export.
- (f) To correct the imbalance in the economy and particularly the widening gap in the balance of payments.
- (g) The decentralisation of resources and decision-making powers to those directly concerned with the implementation of development programmes in the field.

19. It is against this socio-economic background that we must examine the role of rural organisation in rural development in Sri Lanka during the period 1950-1975. It is perhaps appropriate to first discuss Cooperatives because they are among the oldest of the rural organisations in Sri Lanka and their activities fall within the entire period of this survey.

COOPERATIVES

20. The present Cooperative movement started in Sri Lanka with the enactment of the Cooperative Credit Societies Ordinance in 1911. This was the direct result of a recommendation made by the Agricultural Banks Committee appointed in 1909.¹ The beginnings of the Cooperative movement were marked by certain characteristics which have influenced its development to the present day. It was a movement conceived and fostered from 'above' and passed 'down' to the people as something worthwhile. It was nurtured in the bosom of the government and was therefore subject to governmental direction and control at every stage of its development. For instance the enactment of a Cooperative Law preceded the organisation of Cooperative Societies and the need for the establishment of such Societies did not arise voluntarily from the people. An office of Registrar of Cooperatives was established to register, control and supervise the Cooperative Societies. The right to intervene in the affairs of a Society and to be the final arbiter of a dispute was given to the Registrar.

21. It was however during the second world war that the Cooperative movement was pushed to the forefront in serving the entire nation. Due to the scarcities of food during the war, there was a need to organise a system which could ensure a fair and equitable distribution of essential food items and also help the Government in its war against the black market.

1947-1957

22. The success of the Cooperatives in food distribution during the war years gave confidence to the Government in the Cooperative system. The problem of the farmers was the obtaining of credit and supplies in time and the lack of a marketing organisation which could protect them from the exploitations of the private trade. In 1947 a scheme to establish Cooperative Agricultural Production and Sales Societies was formulated to cater to the above needs. During the period 1948 to 1957, 955 such Societies were registered.

¹Agricultural Banks Committee's Report - Sessional Paper 8 of 1910.

23. With the attainment of independence in 1948 and the establishment of a multi-party parliamentary system, the interest shown in the Cooperatives, which was one of the rural institutions closest to the people, was more marked. The Cooperative system was accepted as the most natural system of organising some of the economic activities in the rural sector. In the early fifties other types of Societies were also established through the sponsorship of Government Departments. The most important were the Fisheries Cooperative Societies and the Industrial Cooperative Societies. The latter was sponsored by the Department of Rural Development and Cottage Industries which was considered a key Department at the time. Craftsmens' Cooperative Societies were organised for example among potters, carpenters and wood carvers, blacksmiths, goldsmiths and brassware workers. Following the influence of the Gandhian Chakra movement, much attention was given to the establishment of the handloom industry under Textile Weavers' Societies.

24. Except perhaps in the Cooperative Credit movement, the influence of the Government was seen in many Cooperative activities. The Cooperative Societies worked within the broad framework of policy decisions made by the Central Government. To this extent the development of these Societies as independent Cooperative organisations has been restricted. Problems were seen as issues to make complaints to Government authorities rather than opportunities for seeking solutions by themselves through a democratic process. The relationship that grew was not that of an equal partnership.

1957-1971

25. In 1957, a policy decision was taken by the Minister in-charge of the subject of Cooperation to establish one Multi-Purpose Cooperative Society per village. The principal reason adduced in support of this decision was that this organisational form would enable each rural Cooperative to perform a multiplicity of services to the community and even function as an agency for the implementation of national plans.

26. This decision was implemented by the Department of Cooperative Development which prepared model by-laws for the new type of society and persuaded the general bodies of the Cooperative Stores Societies and Cooperative Agricultural Production and Sales Societies to adopt the new by-laws. The effect of the formation of Multi-Purpose Cooperative Societies on Consumer Cooperative Agricultural Production and Sales Societies is shown in the Table below.

Effect of Formation of MPC Societies on Consumer Cooperative Agricultural Production and Sales Societies		1957	1958	1959	1960	1961	1962	1963	1964	1965
MPCS		68	3897	4631	4741	4824	4889	4950	5101	5053
Consumer Societies		2569	1260	1043	964	918	889	838	786	755
CAPS Societies		2126	1667	1702	474	486	593	603	585	589

Source: Report of the Cooperative Commission,
Sessional Paper 11 of 1970 - page 34.

27. These changes resulted in a considerable expansion of the business of the societies. The total turnover of the societies in consumer goods, agricultural credit and marketing rose to Rs.985.3 million in 1968 from Rs.429.7 million in 1957. There was also an increase in membership though the Minister's ideal of one Multi-Purpose Cooperative Society for one village was not achieved. At the district level, unions were formed for wholesaling functions, but there was hardly any integrated development policy initiated by these unions to improve the services and managerial skills of the member societies. There was no appreciable change in policies regarding the other types of cooperative societies.

28. Another important development was the establishment of the People's Bank with equal share contributions from the Cooperatives and the Government. The People's Bank replaced the Cooperative Federal Bank. Some of the district Cooperative Banks were merged with the People's Bank during this period and the remainder was merged in 1971/72. One of the important schemes launched by the People's Bank was for the establishment of Rural Banks in the more successful Multi-Purpose Cooperative Societies. This initiative brought banking to the rural sector for the first time. At present there are over 300 such Cooperative Rural Banks.¹

29. The amendments to the Cooperative Wholesale Establishment Act, which made it a state trading organisation with the power to invest its capital in any type of business rather than in areas of activity related to cooperation made the chasm between the Cooperative Wholesale Establishment and the Cooperatives still wider. The net surpluses which would have been legitimately owned by the Cooperatives, if the Cooperative Wholesale Establishment was a Cooperative apex, were invested in other commercial ventures having no bearing on the Cooperatives. The primary societies did not get any financial or managerial backing from any superior organisation.

30. In the sixties, three national level organisations were established by the Cooperative Department. The Ceylon Agricultural Producers' Union to wholesale vegetables, the Ceylon Cooperative Industries Union to set up a finishing and calendaring plant for textiles and the Ceylon Consumers' Cooperative Union for the distribution of milk foods. The Northern Division Agricultural Producers' Cooperative Union (NDAPC) was formed in the North of Ceylon. Except for the Agricultural Producers' Union, which ran into financial losses within four to five years due to mismanagement and wrong expertise, the other societies worked with limited success. From the member point of view the most successful was the Northern Division Agricultural Producers' Cooperative Union. However, none of these organisations were strong enough to withstand Government intervention. In many instances decisions were taken by Government Departments without any consultation with the Cooperative movement. The national organisation never became the spokesman for the Cooperative sector. It was a weak structure. These factors made the Government to appoint a Royal Commission in 1968 to examine and suggest measures for strengthening and improving the Cooperative movement. The Commissioner recommended a basic structural reorganisation of the Cooperative movement to serve the needs of members and the needs of national development.

¹For a discussion of the Cooperative Rural Banks Scheme of the People's Bank, see Draft Agricultural Plan 1971-77, Annual Crops, Annex II, Ministry of Agriculture and Food, 1970.

DEVELOPMENT SINCE 1971

31. One of the major recommendations of the Royal Commission of 1968 was the creation of more viable Cooperative organisations by a process of amalgamation. In the reorganisation of the Cooperatives that was effected in 1971, following the recommendations of the Commission, 5,818 Societies were involved. Details regarding these Societies are given below:

Multi-Purpose Cooperative Societies engaged in two or more functions	2,829
" " " consumer functions only	987
" " " agricultural functions only	493
" " " other single purposes	5
" " " now defunct	760
Cooperative Stores Societies now active	475
" " " defunct	154
" Agricultural Production & Sales Societies now active	46
" " " Production & Sales Societies now defunct	69
	5,818

32. Of these 983 or 16.8% were defunct societies and 2,884 or nearly 49.3% were loss makers. Hence, a major restructuring was considered necessary to revitalise the Cooperative Societies. A special Law was passed in 1970, giving statutory powers to the Commissioner of Cooperative Development to proceed with these changes.¹ In the process the Commissioner cancelled the registration of nearly 1,000 uneconomic and defunct Cooperative Societies and amalgamated the balance to form 372 large Multi-Purpose Cooperative Societies. The independent small Societies became branches of the large primary.

33. To increase the membership and achieve greater participation, the share of each member was reduced to one rupee from fifty rupees. The older members gained automatic membership in the new society and the original shares were converted to one rupee shares. The General Body had a maximum of 100 delegates sent from among the nine elected to the Branch Committee on the following formula set out in the by-laws of the society.

Membership of the Branch x 100
Membership of the Society

subject to

- a. every branch to be entitled to send at least one delegate; and
- b. no branch to be entitled to send more than nine delegates.

¹ Cooperative Societies (Special Provisions) Act, No.35 of 1970.

The new Societies had the following strengths as compared to the Multi-Purpose Cooperative Societies it replaced:

- i. greater viability in financial terms;
- ii. better purchasing power due to the pooling of resources;
- iii. capacity to recruit better management;
- iv. better planning unit as the area of operation was larger.

34. After these changes, there was an appreciable increase in the turnover and in the membership of the Multi-Purpose Cooperative Societies. The following Table illustrates these trends :

Year	No. of Societies	Membership	Share Capital Rs.'000	Working Capital Rs.'000	Turnover Rs.'000
1970	5,818	913,700	24,700,000	213,800,000	998,400,000
1973	365	958,709	27,079,634	-	2,338,200,000

35. However, from the inception, the newly reorganised Societies had to face major problems. The Government decided to have a nominated majority on the Board of Directors. Accordingly, of the 15 members of a Board, nine were nominated and five were elected. The employee director was the fifteenth member. This special composition of the Board led to conflicting objectives and allegiances among the Board members. Many of the Boards did not possess the leadership that could place the corporate objective of the Society above parochial demands. The Societies also lacked skilled and experienced managers who had the know-how to manage a large business enterprise. Even after a salary revision, the scales were low compared to the salaries paid for similar jobs in the corporation and the private sectors. Some of these problems could be overcome only by a consistent long-term action programme with clear objectives.

COOPERATIVE NATIONAL ORGANISATIONS

36. The oldest Cooperative organisation at the national level is the Sri Lanka Coconut Producers' Union registered in 1942. The Cooperative Fish Sales Union was registered in 1952 and the Rubber Small Producers' Union in 1967. Due to many reasons the scope of activities of these Unions remain very limited. In 1973 the Sri Lanka Cooperative Marketing Federation was registered as one of the national organisations of the newly restructured Multi-Purpose Cooperative Societies through the merger of the activities of the Cooperative Consumers' Union, the Agricultural Producers' Union and the Northern Division Agricultural Producers' Cooperative Union. At present this is one of the strongest national level business Cooperative organisations in the country. The annual turnover which was Rs.91 million in 1973 has now increased to Rs.203 million. During recent times it has entered the export trade on behalf of the Cooperatives and it is fast developing as an agricultural apex. The attempts that have been made in recent times to restructure the Cooperative Wholesale Establishment as a Cooperative consumer apex have so far not succeeded. In industries, a new Industries Union was

¹ Cooperative Statistical Bulletin - Cooperative Management Services Centre Publication - 1976

registered in 1974 as a successor to the earlier Union. This Union is still in its formative stage and there has been little expansion outside the three factories the Union has been running from the sixties. A Geological Resource Industrial Cooperative Union and a Light Engineering Cooperative Society Union were registered in 1975 as the apex of the production cooperative established under the District Development Council programme. In March 1976, a Trade Centre was started by the Union primarily for the sale of the products of these Societies and to develop a foreign market.

37. The ideological apex of the Cooperatives is the National Cooperative Council of Sri Lanka registered in 1972 as the successor to the Cooperative Federation of Ceylon. It has full membership of the International Cooperative Alliance. Its main responsibilities are member education and to be the spokesman for the Cooperatives in all Cooperative matters.

38. Besides these national level Cooperative organisations, there is the Department of Cooperative Development which supervises and audits Cooperative Societies and functions as the arm of the Government in directing the Cooperative movement. There is also the Cooperative Employees Commission established under a Special Act in 1972 which lays down the conditions of service of Cooperative employees. And finally there is the Cooperative Management Services Centre established in 1973, under an agreement between the Sri Lanka Government and the Swedish International Development Authority (SIDA) with the International Labour Organisation as the executive agency. It acts as a consultancy organisation to the Cooperative sector and conducts integrated research, consultancy and training programmes to assist the Societies in improving themselves.

39. The Sri Lanka Cooperative movement has a rich experience but is comparatively weak when compared to movements in the Scandinavian countries, and certain East European and Asian countries like GDR, Poland and Japan. One of the main reasons for this weakness is the absence of strong Cooperative business organisations at the national level with long traditions. There is no KF like in Sweden to help in consumer cooperation, a Zankoren like in Japan to support agricultural cooperation or a 'Cepelia' like in Poland to assist traditional craftsmans' cooperatives. Both the Zankoren and Cepelia started after the second world war. They received the support of their Governments at the initial stages. In Sri Lanka, however, the place of national Cooperative organisations is being taken by Government Departments and Corporations, whose policies change with the change of Governments. The apex organisations in the countries referred to have become so strong that they are capable of insulating the Cooperative movement from undue interference, although the proper checks are maintained at the national level to ensure that they do not act contrary to Government policy. Unlike Government Departments, the business apexes are commercially oriented. They provide career prospects for Cooperative employees from the lowest rung to that of general managers and presidents of these organisations. Career development is unknown to the Cooperatives of Sri Lanka and the prospects for advancement are not very clear. This is a major drawback in the Cooperative movement of Sri Lanka. Trained managers are more the exception than the rule. The managerial cadres lack both skill and experience. There is hardly any opportunity for advancement within the sector.

40. A clear distinction is being made in developed Cooperative movements between operational decisions and policy decisions. The Boards of Directors deal only with broad policy matters and the management of the business is handed to experienced managers. In Sri Lanka the affairs of the Cooperatives are 'managed' by the Boards of Directors, like a committee of a small credit cooperative society of unlimited liability. One of the greatest roadblocks for the progress of the Cooperative movement of Sri Lanka is 'lay' management, fostered in the name of Cooperative ideology. What is required in Sri Lanka is a management revolution, whereby management of Societies are taken over by skilled managers whilst maintaining the democratic control by the membership over policy matters. From a long-term point of view what is urgently required is a training policy for Cooperative employees to bring about this change.

41. The Cooperative movement also requires long-term commitments on the part of Government. During the last twenty years, the Department of Cooperative Development has been attached to different Ministries, reflecting a change in emphasis on the role of the Cooperatives. This has affected the long-term development that is required in the Cooperative sector. In the socialist countries, Cooperative activity comes within the national plan and the State is committed to help and support the Cooperatives to attain maximum efficiency within the framework. Being a mixed economy, the position of the Cooperatives in Sri Lanka is dubious and as in the case of Multi-Purpose Cooperative Societies they are controlled to the extent of fixing margins of profit, nomination of Boards of Directors etc., whilst for all investment and other purposes they are treated as a private sector enterprise. Being enmeshed by circulars emanating from different Governmental organisations even the freedom that the private sector enjoys to develop within the framework set by Government is unfortunately denied to many of the Cooperatives. Due to the inherent advantages the Cooperative movement has in mobilising human and other resources, in most of the developing economies the Cooperative sector is assigned an important role in the development process. Hence it has to be accepted that the State cannot pursue a laissez faire attitude towards the Cooperative movement. The issue is to what extent the involvement of the State should be. The challenge that is facing the Cooperative movement is to evolve a system whereby it will follow vigorously a programme of work with clear long-term objectives, within the Multi-party democratic system enshrined in the constitution of Sri Lanka.

CONSUMER COOPERATIVES

42. From 1942 the Cooperative movement has borne the brunt of the distribution of essential food items in Sri Lanka. During the war days, a food rationing system with coupons was introduced. This has continued for 35 years without any significant changes. In 1975 the turnover of consumer goods handled by the Cooperatives was approximately Rs.1,680 million. During the period 1971-1975 the number of Cooperative retail shops controlled by Multi-Purpose Cooperative Societies has almost doubled. At present there are over 7,000 Cooperative Retail Shops and through them the Cooperatives distribute the weekly and monthly ration of rice, sugar and other essential food items to 85% of the population of 13.2 million. The balance of 15% is served by private authorised dealers who in turn obtain their supplies from the wholesale stores maintained by the Multi-Purpose Cooperative Societies.

43. One major drawback for the Cooperatives is the absence of a national level consumer organisation which could support, direct and develop the consumer activities. The Societies at present are virtual puppets in the hands of the suppliers. There are nearly 20 main suppliers to the Cooperatives and each Society has to make its own arrangements to obtain the goods from the supplier's warehouses located in different places. A recent study made by the Cooperative Management Services Centre, which involved the development of a mathematical model and the use of the computer, has shown that by establishing 19 Regional warehouses, the cost of distribution would be the least.

44. Even though Consumer Cooperatives are often criticised for poor management and the poor quality of the service rendered to the public, they have continued to perform a valuable service within the framework set by Government. When essential goods are in scarcity and private traders hoard and black-market goods, the ordinary people have had only the Cooperative to help them. This is perhaps the most important service rendered by this institution to rural people.

INDUSTRY COOPERATIVES

45. A survey of the Industrial Cooperative Societies in Sri Lanka was also conducted in 1975 by the Cooperative Management Services Centre. It revealed the following types of Industrial Cooperatives:

Handloom Textile Weavers	586
Carpentry	75
Coir Products	65
Ready Made Garments	56
Light Engineering	43
Road Granite	31
Pottery	31
Others	206

1,093

46. The survey also attempted to identify some of the problems faced by such Cooperatives. They are as follows:

1. lack of marketing facilities
2. insufficient raw material
3. no production planning
4. lack of facilities to finish woven textile products
5. lack of working capital
6. variety of individual problems

47. The Textile Weavers' Cooperatives, the largest type of industrial Cooperatives produce at present 32.5% of handloom textiles. These Societies are being reorganised into 30 large primary Textile Weavers' Cooperatives through mergers. It is felt that some of the problems faced by these Cooperatives could be resolved by such an action. However, all policies relating to production, technical and marketing matters are still made by the Small Industries Department and the Weaving Supplies Corporation which are two State organisations.

48. A new type of Cooperative that was established after 1971 under a scheme (referred to as District Development Councils or DDC Projects) implemented by the Department of Regional Development in the Ministry of Planning was the 'non-traditional' type of industrial Cooperative, as for example the Light Engineering Cooperative Society. The capital required in starting the industry was given as a grant by the Government. The underlying objective in establishing these Societies was the creation of employment opportunities for youth by fostering small industry using intermediate technology. Some of the products of these Cooperatives are agricultural implements like mammoties, hoes, pruning knives and showels, kitchen utensils, galvanised products and two-wheel tractors. The District Development Council industrial projects were organised initially either as separate Cooperative Societies like the Light Engineering Cooperative Society or as production units under the Multi-Purpose Cooperative Societies. The District Development Council programmes have been reorganised recently on an electoral basis and Development Cooperatives have been established to implement the projects in each electorate. These Cooperatives are somewhat similar to Multi-branch Industrial Cooperative Societies seen in certain countries. These Societies are yet in an experimental stage.

AGRICULTURE (INCLUDING FISHERIES) COOPERATIVES

49. In agriculture the Cooperatives have for a long time provided important services to the rural farming community, which in Sri Lanka is predominantly a small holder community. The Cooperatives have been the channel through which agricultural credit as approved by the Government has been given and recovered. They have been engaged in the purchase of paddy at the Government guaranteed price, as agents of the Paddy Marketing Board. They have been active in the purchase of other farm products and specially those where the Government has offered a guaranteed price or a floor price. They have been active in the marketing of agricultural inputs such as fertilisers and agro-chemicals and farm implements such as mammoties and seeders and weeders.

50. The quality of the services provided by Cooperatives in the agricultural sector have been the subject of much discussion and often of adverse comment. In certain areas of the country, such as Polonnaruwa (an important irrigated paddy producing area) and Jaffna, the Cooperatives have established a reputation for servicing agriculture efficiently. But this is not so every where and the level of performance of Cooperatives has tended to be uneven with wide disparities in different parts of the country. Generally speaking, Cooperatives in which the majority of members are directly or indirectly interested in agriculture have shown a greater interest in providing the necessary services to agriculture, as compared to Cooperatives in which the majority of the members are not interested in agriculture. Nevertheless, it would be true to say that in small scale agriculture the Cooperative still remains an important rural institution for the provision of supplies and to a lesser extent an avenue of agricultural marketing.

¹With the establishment of Agricultural Productivity Committees under the Agricultural Productivity Law No.2 of 1972, the role of Cooperative in servicing the small-holder agricultural sector is undergoing some changes.

51. The Land Reform Programme carried out in 1972/74 vested approximately 500,000 acres with the Land Reform Commission. About a tenth of this land is managed as Production Cooperatives known as Janawasas. At present there are 173 Janawasas holding 50,000 acres of land and providing employment to about 18,000 young men and women, most of whom were without employment earlier and whose level of formal education is generally at the General Certificate of Education (Ordinary Level).

52. The Janawasa Cooperative concept is based fundamentally on the following:

- i. land to be cultivated as a single production unit without individual ownership;
- ii. work to be organised in groups or work teams;
- iii. redistribution of surpluses; and
- iv. self-management

The General Body of the members is the supreme authority and one of its functions is to elect the Committee of Management. A few of the members of the Committee are nominated from among Government officials. The work plan is drawn up by the members and approved at a meeting of the General Body. Similarly there is drawn up an annual revenue/expenditure statement. At present, the revenue of all Janawasas is centrally controlled by the Land Reform Commission.

53. Compared to the earlier Cooperative Youth Settlement Schemes¹ the Janawasas have shown a greater measure of success. But it is yet too early to judge. Management problems have come up in some of the Janawasas. Basic issues such as the ownership of land and the future of Janawasas have also arisen. Some of the youth members do not seem fully committed to the Janawasa concept. Work and production norms are not yet established. Management itself seems weak in certain Janawasas. There is a need for more intensified work over a longer period of time for them to be successful. In October this year, the National State Assembly unanimously approved a Bill for consolidating Janawasas on a legal basis. This Bill which is known as the Janawasa Act No.25 of 1976 is an important and conceptually far reaching piece of legislation that has been introduced in Sri Lanka which embodies to the fullest extent, the basic principles of Cooperative endeavour including all aspects of cultivation within a Janawasa, communal living, financial and administrative management and policy making in the development of the Janawasa movement.

¹ A programme of Youth Settlement Schemes was carried out during the period 1965-70 to provide gainful employment to young persons. The main emphasis was on highland cultivation in field crops other than paddy. This was a new innovation and experimental programme for matching land and labour on the basis of cooperative farming. The initial concept of cooperative farming with joint ownership was not achieved in any of these schemes but 48 of these schemes are now well established covering approximately 16,500 acres and providing stable employment for approximately 4,000 persons. The cultivation is now being carried out on the basis of individual holdings with the Cooperative concept where it prevails, being confined to a Service-Cooperative.

54. Another important development after land reform is the Electoral Agricultural Cooperative Society. Agricultural Cooperative Societies were established for each of the electorates to control, supervise and maintain the productivity of land which had been handed over to these Societies. It is too early to judge how these Societies will perform.

55. In agriculture, another major activity is dairy farming. In the fifties there was a milk collection and distribution Cooperative set-up in Colombo. With the establishment by Government of the National Milk Board, this Society ceased to function. At present 70 Multi-Purpose Cooperative Societies and 31 Dairy Producers Cooperatives supply over 200,000 pints of milk daily to the National Milk Board. This is about 69% of the daily collections of the Milk Board. These Cooperatives also supply dairy producers with concentrate feed, drugs and milking equipment and utensils. In certain areas specialised dairy Cooperatives have been set up for milk production. The processing and distribution of milk, so collected, is a function of the National Milk Board.

FISHERY COOPERATIVES

56. The first fishery cooperatives were organised in 1941 as a result of the recommendation of a Commission appointed by Government in 1938. During the following years until 1970, fishery cooperatives grew in number. In 1970 there were 292 small primary Societies each with a membership of 20-30, three secondary societies in the form of regional unions each with a membership of about 30 active primary societies and a tertiary organisation - the Ceylon Cooperative Fish Sales Union (CCFSU) which had been formed in 1952 as a federation of primary societies and their unions for the purpose of fish marketing.

57. In 1970 the role of fishery cooperatives was reviewed and redefined as being the organisation of fishermen for improvement of the efficiency of the small-scale sector of the industry in the catching, handling and marketing of fish. Between 1970-73 the small primary societies were amalgamated into 45 large primaries. Of the regional unions, only one, the Northern Province Fisheries Cooperative Societies Union (NPFCSU) still continued to function. The CCFSU whose fish marketing and fishing gear import and supply business was taken over by the Ceylon Fisheries Corporation in 1964, exists as a skeleton organisation bereft of commercial activities (except for the operation of an ice plant) but still owning considerable liquid assets.

58. Each primary Society has a defined area of operation. The entire coastal area has been carved up into areas of operation. 45 primaries were established for these areas and one inland fishing area. Fishermen resident within these areas are eligible for membership. Each primary has a nine member Board of Directors of whom one is nominated President. The Board of Directors consists of six members nominated by the Commissioner of Cooperative Development and Registrar of Cooperative Societies and three members elected by the branches of the primary. The chief executive is a General Manager appointed by, and responsible to the Board. The activities of each Society are subject to by-laws and working rules adopted by the Society. The fishermen members are organised in branches. Each branch has an elected committee. The branches are a practical working arrangement and have no

legal status. The present (1976) membership of the 45 primaries is 15,270 or about 25% of the total number of fishermen. The membership of individual primaries ranges from 1,450 to 100.

59. The primary cooperatives are predominantly engaged in production, i.e. the operation of 3½ ton type of mechanised boats for coastal fishing. They also perform a credit function in that they serve as a clearing house for loans to members for purchase of outboard motors, small fibre-glass boats, fishing gear and indigenous craft. Some of them operate agencies for sale of fishing gear, spare parts and fuel. A few Societies carry out retail fish sales. Northern Province Fisheries Cooperative Societies Union is engaged in the export of chanks and beche-de-Mer produced by member Societies and CCFSU in the operation of an ice plant.

60. The Department of Fisheries is the main source of credit for Fishery Cooperatives. Hire purchase financing for 3½ ton type mechanised boats is now given by the Department only to Fishery Cooperatives. In addition, unsecured loans are also given by the Department to Cooperatives for purchase of fishing craft of other types, fishing gear and equipment. Other minor sources of credit are the People's Bank (short-term loans for operation of fishing gear, spare parts and fuel supply agencies) and Ceylon Fisheries Corporation (marketing advances).

61. Fishery Cooperatives did not, in their origin, come into being because the fishermen felt a need for them. They were created by Government to serve administrative needs. There has been only a very small number of Societies in which the members have actively and intimately involved themselves and which they have regarded as a means to cater to their socio-economic problems. By and large, most fishermen have joined Cooperatives with the objective of getting loans from the Government on easy terms. This attitude of the fishermen towards Fishery Cooperatives has persisted up to the present and in fact appears to have become even more pronounced after the establishment of the existing large primaries. The majority of fishermen are members of these Societies for the following reasons:

- a. to be eligible to obtain employment as crew members of 3½ ton boats which are issued on hire purchases only to the primaries;
- b. to obtain priority in the purchase of scarce fishing gear;
- c. to be eligible for loans to purchase fishing crafts, gear and other equipment

62. Most fishermen tend to identify the primary with the Board of Directors which they regard as an alien body set-up by Government to control their activities. They do not generally regard the property of the Society as belonging to them. The fact that the ownership of hire purchase boats will remain in perpetuity with the Society even when the loans are fully paid up and will not devolve on the crew members who operate the boats probably tends to confirm this belief. Consequently the boats are badly maintained, fishing

gear is often illegally disposed of, part of the catch is disposed of elsewhere and fishing performance in respect of number of fishing days and catch is less than 50% of the performance of similar boats operated by individual owner fishermen. Repayment of loans given by Government are far below satisfactory levels.

63. Although one of the objectives in setting up the large primaries was to establish economically viable units which would be able to generate sufficient income for the employment of efficient managerial and technical staff, it is found that the majority of the Societies are being inefficiently managed, are also often overstaffed and are consequently operating at a loss. The concentration of the primaries on the production activity - the operation of 3½ ton mechanised boats has led them to neglect service activities benefiting the fishermen members. Concentration on service activities on the other hand might have resulted in making the fishermen identify themselves with their Societies.

64. It is clear from the above that Fishery Cooperatives in their present form are not fulfilling their projected role of a development agency in close and intimate touch with primary producers.

RURAL DEVELOPMENT SOCIETIES

65. The Government decided in 1940 to establish a Rural Development Branch in the Department of Commerce and Industries. This branch commenced operations by recruiting Rural Development Officers and posting them to selected areas to establish rural services centres. The work done by the Rural Development Branch was a rewarding experience and the Government thereafter decided to adopt the programme as a country-wide movement by establishing a separate Department for rural development. In October 1947 the Department of Rural Development was established under the Ministry of Home Affairs.

66. Initially the movement sought to achieve its objectives by establishing rural development societies in every village headman's division and utilising these Societies as basic instruments of development. It was also expected that when the movement gathered momentum, the Society would become the nucleus of village development activity by harnessing the enthusiasm and self-help efforts of the people in the task of rural development. The number of Societies formed in 1948 and 1949 in each district is given overleaf.

Rural Development Societies Formed in 1948/1949

	Men's Societies		Women's Societies	
	1948	1949	1948	1949
Colombo	41	216	-	55
Kalutara	153	67	7	15
Galle	119	161	11	16
Matara	191	139	38	14
Hambantota	49	44	4	7
Ratnapura	142	74	-	12
Kegalle	327	96	-	65
Kurunegala	709	180	38	115
Anuradhapura	149	168	12	10
Badulla	178	210	16	8
Batticaloa	34	28	-	10
Trincomalee	-	18	-	-
Jaffna	96	39	-	10
Puttalam	335	81	-	14
Kandy	408	128	166	90
Matale	109	117	2	13
Nuwara Eliya	269	36	34	22
Vavuniya	20	7	2	-
Mannar	21	17	7	6
	315	1826	337	482
	====	====	====	====

67. Community development work constituted an integral part of the rural development movement in the effort to integrate the capacities of the rural people and the resources available from the Government. In the formation of rural development societies the following areas of work were expected to fall within their scope and functions.

1. Provision of increased income opportunities by developing productivity in agriculture, home gardens, cottage industries and trade;
2. Matters dealing with public health;
3. Cultural and social aspects of village life.

68. The Rural Development Societies were organised by a departmental officer called the Rural Development Officer who was expected to play the role of a guide, friend and philosopher. The Rural Development Officer advised and assisted the Divisional Revenue Officer of the area in the work of the Society. At the district level, the Government Agent was similarly advised and assisted by an Officer called the District Officer who was ranked in the staff officer grade. Rural Development Supervisors were posted to the district offices at the Kachcheri to handle special rehabilitation projects and supervise the work of the Rural Development Officers. Alongside the Rural Development Societies were the Mahila Samities and Kantha Samities which worked mainly in the same field but exclusively in women's affairs. The Mahila Samiti movement was a voluntary organisation recognised by the Government and assisted with financial grants.

1948-1956

69. This was the formative period during which the movement was taken to the rural areas and Rural Development Societies were established and recognised in the villages. During this period a serious effort was made to give practical body to some of the concepts of rural development and consolidate the structure of the rural development society. The activities of the society during the period evolved on three basic lines. Firstly, there were the work programmes which were based entirely on self-help activities and as such did not involve Central Government funds. The Department attached the greatest importance to these activities as they enlivened the basic principles of self-help. Secondly, there were the schemes sponsored by Societies on a self-help basis but with assistance from Government funds. Such schemes were selected by the Government for assistance only if the estimates indicated that more than half the expenditure involved will be met with self-help. There was clearly a need to meet the cost of items like bridges and culverts by some external source of funding. More than 75% of the construction work undertaken by Societies fell into this category. Thirdly, there were the activities undertaken by the Societies for agencies of Government such as small village construction works. The Societies were given some preference in the award of these contracts and the profits were earned by the Society.

70. The work of the Societies in the rural areas therefore touched and sometimes stepped into the areas of work of several Departments of Government and Government agencies. There was a need to provide an acceptable framework for the functioning of the Societies at the local level.

71. As a first step in this direction Group Societies and Divisional Unions were formed in 1949. Group Societies were for a number of Rural Development Societies in a village council area or a Korale which were for reasons of homogeneity considered suitable for grouping. Each Society nominated a members to the group and the work of the groups was expected to facilitate contacts and liaison with other Departments and agencies. Along with the Group Societies the Divisional Unions were formed by nominating a representative from each Group Society. The Divisional Revenue Officer was the Chairman of the Divisional Union. In 1949 there were 315 group societies and 72 Unions. The scheme was further extended to the district level by the creation of the District Consultative Committees to which practical problems arising out of the work in the fields were referred for decisions and directions.

72. The creation of the Public Utility Vote for the financial year 1950/51 to channel the money that came as grant-in-aid signifies an important step in the consolidation of the Rural Development Society in the village. The Director of Rural Development in his Administration Report for 1955 states that "the scope of this Vote is wide and provides a sum of money utilisable for purposes which cut into specialised departmental functions not on matters of policy, but for swifter implementation of the policies of the self-same Departments on occasions when the people themselves freely form organisations and were prepared in a spirit of mutual help to assist the Government to the limit of their capacity."

73. The work of the Societies during this period was not altogether confined to the provision of service facilities to the rural people. Substantial efforts were made by the Department to provide adequate training for Society members in their future roles as village leaders. In 1951 Colombo Plan Aid was made available to build ten Training Centres at a cost of Rs.3,000,000 phased over a period of three years.

74. Taking into consideration this period - 1948 to 1955 - out of which the first two years were spent mainly in the organisation of the Department, the achievements were considered very satisfactory. 3150 men's societies in 1948 had increased to 6172 at the end of 1955. By and large the Rural Development Society drew its strength during this period by carrying out rural work programmes with a large measure of self-help.

1956-1970

75. During this period, the Department of Rural Development was amalgamated with a new division of Small Industries. The deteriorating balance of payments position led to an emphasis on a rapid programme of industrialisation. It was felt that the programme for small industries should be jointly undertaken with the Rural Development Department, so that its experience could be utilised to establish small and cottage industries in the rural sector and enable the people to raise their income levels. This amalgamation was basically ill-conceived and ill planned. It had the effect of disrupting the Rural Development Society which was modestly and gradually developing a character of its own within small areas of rural society. The principle of self-help, the focus on building up the small scale rural infra-structure, the emphasis on community development in selected areas of manageable size, the idea of drawing together the people in a village through rural work programmes and shared cultural and recreational activities were the essential ingredients of the rural development movement as it moved into the period after 1956. The development of small rural industries calls for an entirely different framework which involves selection and evaluation of projects, assessing availability of raw materials and markets for the finished products, selection of appropriate levels of technology and the maintenance of training programmes for introducing and upgrading technical skills. Very few Rural Development Societies could seriously have been expected to make a contribution in any of these areas. The marriage of Rural Development Societies and Small Industries was not a happy one. The pressures of the day appeared to demand an energetic state intervention in the area of small industries where the prospects of generating quick employment in the rural areas seemed encouraging; but in pulling the Rural Development Societies into this path the objectives of policy were not being achieved. The Rural Development Societies began to lose the few roots that they had started putting out at a time when very different things were expected of them.

1970-1975

76. In 1970, the two wings of the Department of Rural Development and Small Industries came to be separated into two departments. During this period, an important programme undertaken by the Department of Rural Development was for the intensive development of selected villages. Under this scheme 517 villages were selected on the basis of 3 to 4 villages to

represent each Divisional Revenue Officer/Assistant Government Agent Division. In 1971, socio-economic surveys were conducted in 452 of these villages, and 17 Economic Development Projects having a potential for creating new job opportunities were started in 1971. Other than this special programme, the active Rural Development Societies maintained their traditional interest in small scale rural work and village development projects.

77. To what extent did Rural Development Societies serve the large mass of the rural population? In attempting to answer this question, it is necessary to mention that national policies did not at any time utilise the rural development movement as an instrument for implementing any of the major programmes of rural development, as is being attempted through Agricultural Productivity Committees in the area of agricultural production. In the best of times, the work of the Rural Development Society was only surface deep and heavily dependent on Government support, direction and control. There were no clearly demarcated areas of rural development entrusted to the rural development movement. As such the Societies, where active, were associated with a miscellaneous collection of work programmes in which they were often minor partners. The Cooperatives, Cultivation Committees and more recently Agricultural Productivity Committees have received much greater policy support from the national level. The Rural Development Society is today a weak organisation which undertakes an assortment of minor rural welfare and development programmes under the almost immediate guidance of the Department of Rural Development. It is difficult to resist the conclusion that Rural Development Societies will not be expected to play an important role in the rural development programmes in Sri Lanka.

CULTIVATION COMMITTEES

78. The Cultivation Committee was a rural institution established under the Paddy Lands Act No.1 of 1958. It was the first major legislative intervention by the State in the area of paddy production and specially in the tenurial relationships of paddy lands. There were great expectations that this Act would herald a new era in the area of paddy production which was the mainstay of the domestic rural economy. There were a variety of political and socio-economic reasons for the introduction of the Paddy Lands Act at this time. The new Mahajana Eksath Peramuna Government which came to power in 1956 had promised to introduce radical reforms in the economy and society of the country. The Minister of Agriculture and Food in this Government, the late Mr. Phillip Gunawardena, who is popularly regarded as the father of the Paddy Lands Act¹ was a committed Marxist who was dedicated to carrying out radical changes in the agricultural sector.

79. The principal objectives of the Act were:

- a. To provide permanent and heritable rights of tenancy with retrospective effect from April 1956;
- b. To limit the rent payable by tenant cultivators to the landlord. The maximum limit was fixed at a quarter of the share of the produce or an amount fixed by the Commissioner of Agrarian Services, which should not exceed 15 bushels. Only the lesser of these two amounts was to be paid;

- c. To cater to the managerial and organisational needs of the paddy cultivators by setting up a village level institution known as a Cultivation Committee, to be elected from among the cultivators and the owners.

80. Tenancy is an important question among paddy cultivators in Sri Lanka. Nearly 45% of the cultivators either cultivated lands as tenants or on lease. Under the normal tenant/landlord relationship which came to be called the Hari Ande (which is the commonest form of tenancy that prevailed) the landlord advances the inputs for which he was paid back in kind and the balance was divided equally between the landlord and tenant. There also existed a series of other traditional tenures which can be described as fractional andes. Under this system the owner gave the paddy lands to the cultivator on the understanding that he will be given half share of the produce. While this may seem unobjectionable in principle, the system was accompanied by other incidental features on account of which it has been generally condemned. Apart from the payment of half share of the produce of the field, the cultivator very often had to bid for the field itself, before he could obtain it from the landlord. With the increase of population, the number of cultivators ready to take over paddy fields for cultivation have increased. The bargaining power of the tenant as against the owner was therefore considerably weaker. The cultivator is therefore often compelled to make a preliminary payment known as Madaran before the field is given to him. In the industrial sphere, where a surplus of labour has depreciated wage levels, the Government has stepped in and fixed minimum wages. In towns where the housing shortages have increased rentals, the Government has introduced rent control measures. It was therefore necessary to introduce a measure of protection to the tenant cultivators of paddy lands who are an important segment of the rural community.

81. Section 36A(1) of the Paddy Lands Act lays down that the Cultivation Committee constituted for an area shall promote the improvement and development of the cultivation of paddy and other crops permitted under the Act to be produced from paddy lands. Other parts of this Section specify the steps that should be taken to promote the improvement and development of paddy cultivation. They include all the standard items of good management such as proper land preparation, the use of good seed, improved agricultural practices, weeding, use of fertilisers, the improvement of soil fertility and the adoption of methods to control pests and diseases. Even more important than all these is the requirement "that all duties and obligations of cultivators arising from common management and common use of water in any tract of paddy land are discharged by cultivators without adversely affecting the rights of other cultivators in such tract". The common management and the common use of water referred to in this Section provide an important key to the problem of increasing production through the small farmer. The Paddy Lands Act has thus placed a strategic responsibility for development on the Cultivation Committee. The small-holders paddy holdings in Sri Lanka is invariably a part of a larger tract or yaya with a single source of irrigation - the tank. The use and management of water has to be so regulated that the holding of one person is not over irrigated at the expense of another. The decline of the ancient Sinhala civilisation led to a breakdown of the discipline of paddy cultivation that had existed for centuries. The community aspect of paddy cultivation was often transgressed by individual avarice. It is

against this background that we must view the institution of the Cultivation Committee. The Paddy Lands Act of 1958 and the Cultivation Committee which it created must be viewed as an attempt to create a new sense of community and a new sense of agricultural discipline.

82. Within the framework of the principal objectives of the Paddy Lands Act, namely, the protection of tenants, the regulation of rent and the management and improvement of paddy production, Cultivation Committees were expected to perform certain other important functions specified in Section 36 of the Act. Some of the more important of these functions were:

- a. Sanctioning of wages of agricultural labourers;
- b. To develop and maintain irrigation works;
- c. To collect an acreage levy of all paddy lands within its area of jurisdiction;
- d. To guarantee the repayment of loans and interests granted by Cooperative Societies;
- e. To submit to the Minister schemes for the consolidation of holdings and establishment of collective farms.

83. Cultivation Committees were elected by the farmers. In the 1958 Act there was provision for these Committees to be elected by both cultivators and owners. On this basis not less than 3/4 were from qualified cultivators and not more than 1/4 from qualified owners. Here the qualified cultivators constituted the owner cultivators, tenant cultivators and agricultural labourers, while the qualified owners were the landlords. The inclusion of the landlords in the Cultivation Committees in the original Act affected the working of these Committees from the very beginning. The landlords failed to attend the meetings to elect the Committee and soon the Court declared that the Cultivation Committees had not been duly constituted. The Government had to bring an amendment in 1964 to remedy this situation. The 1964 amendment completely removed landlord representation and made Cultivation Committees entirely elected bodies of cultivators.

84. The original Act laid down that Cultivation Committees should be elected annually. To organise elections for 4500 Cultivation Committees was not an easy task. The Department of Agrarian Services which was entrusted with the task of establishing and developing these Committees had little time to devote to other functions after dealing with matters of elections. Every time an election failed due to the lack of a quorum, further elections had to be held. This situation was remedied in 1964 when the life span of a Committee was made three years and provision was made for the Commissioner of Agrarian Services to nominate Cultivation Committees if it was found after two attempts that it was not possible to have elections.

85. Each Cultivation Committee had to prepare a Paddy Lands Register which contained particulars of paddy lands including the tenurial status of cultivators. This was considered a legal document and the entries were considered prima facie evidence at inquiries especially when a tenant cultivator was evicted.

86. The tenurial provisions of the Paddy Lands Act were questioned and challenged in Courts. The definition of a "tenant cultivator" as appearing in the original Act was questioned and the Courts at the very beginning itself found this definition faulty. The failure of the first few cases in Courts resulted in a large number of evictions, and at the end of the first year, there were nearly 10,000 cases of evictions. The Government could not provide the necessary security of tenure as promised by the Act. The inquiries into evicted tenants were held by the Assistant Commissioners of the Agrarian Services who were to be officers empowered under the Law to provide redress to these tenants. The landlords questioned the legality of public officers deciding on judicial matters and the Courts upheld this objection. The Government had to wait for nearly five years to canvas the Supreme Court for a decision regarding this matter. It was only in 1970, 15 years after the implementation of the Act, that the Law was fully amended to make way for the tenants to be provided with sufficient legal protection.

87. In spite of the 1964 amendments, tenant cultivators were very poorly represented on the Committees. In spite of the amended legislation debarring landlords from being represented in Cultivation Committees, they found loop holes to get their names entered in the Paddy Lands Register and thereby get themselves elected to these Committees. Once inside they were able to utilise the Committee for their own ends. There was no legal provision to remove a Cultivation Committee from office until the amendments of 1964, and even after that, the procedure was so cumbersome that only a very few Cultivation Committees could be dissolved.

88. The decision to entrust a Government Department, namely the Department of Agrarian Services, to establish and develop Cultivation Committees led to a situation where they were isolated from the other extension services working in the area. The Cultivation Committee was looked upon as the sole responsibility of the Department of Agrarian Services. The poor educational and managerial background of the members of the Cultivation Committees made them very often lean upon the Department of Agrarian Services to take decisions for them.

89. At the time Cultivation Committees were introduced there was no overall agricultural plan or even a plan for paddy production which could give meaning and guidance to the efforts of individual Cultivation Committees. These Committees were therefore isolated and ignorant of the role they were expected to play in the management and improvement of paddy cultivation. This deficiency has to some extent been remedied by the framework of the Annual Implementation Programme which is prepared by the Ministry of Agriculture in consultation with institutions like the Cultivation Committees and implemented during the two principal agricultural seasons in Sri Lanka - the Maha and the Yala.

90. To what extent have the Cultivation Committees lived up to the aspirations posed by the Paddy Lands Act? The information available for answering this basic question is indeed meagre. In 1966 the Department of Agrarian Services conducted a sample survey of Cultivation Committees with a view to ascertaining among other matters "the extent to which Cultivation Committees have developed as village level institutions in the improvement and promotion

of paddy cultivation". The survey indicated that the progress made by Cultivation Committees in regard to the improvement and development of paddy cultivation within their respective areas could not be regarded as entirely satisfactory. The 1966 survey gives a variety of reasons. There were serious legal defects which obstructed the proper functioning of Cultivation Committees from their very infancy. Successive amendments to the Paddy Lands Act have not entirely removed the legal disabilities that have arisen from time to time in the working of Cultivation Committees. The Committees have had no financial resources to play the role that was expected of them. The elected Committees had no administrative experience and sometimes even simple honesty in managing their own affairs. The vested interests where possible rendered the Committee non-functional or used it as a cover for preserving their self interests. The 1966 survey honestly pointed to all of these shortcomings.

91. The Paddy Lands Act of 1958 was in operation for 16 years. It was amended four times - in 1958, 1961, 1964 and 1970. It failed to achieve the great changes expected of it for reasons that have already been discussed. The failure is highlighted by the position with regard to security of tenure up to 1970.

Total number of complaints received from districts from the inception (13 years)	43,134
Total number of inquiries completed	37,939
Number awaiting inquiry	4,195
Number of restorations made by legal or conciliatory institutions	7,673

92. Had the law been more effective this unsatisfactory situation would never have arisen. Only 17.8% of the complaints had been able to get any redress. While there would have been many more complaints if the Law was more effective, the ineffectiveness of the Law would have persuaded many tenants to suffer in silence. It is also known that in several instances tenants were actually never registered as such and continue to be exploited under concealed forms of tenancy.

93. From the foregoing it would be obvious that the Paddy Lands Act of 1958 did not succeed in its principal objectives of providing security of tenure to the tenants, regulating the amount of rent paid and improving paddy production in their respective areas. Nevertheless, it should not be forgotten that the Cultivation Committees established under the Paddy Lands Act, began to perform a variety of services to paddy cultivators, even though the efficiency of these services varied greatly according to the character of the Committees and the local environments in which they worked. For instance, in spite of all its defects, the Paddy Lands Register which was prepared by all Cultivation Committees, provided valuable information which was used for a variety of purposes connected with the management and development of paddy cultivation. Many Committees were active in the area of agricultural supplies and the construction and maintenance of minor irrigation works. The Central Government, the District Administration and the local political leaders could not entirely ignore Cultivation Committees even in areas where they were weak and ill organised. The Act should not be

written off as a total failure. The Paddy Lands Act made the tenants aware that they had certain rights even though the machinery set up to enforce their rights were largely ineffective. The land owners generally realised that they could not act with impunity although several did. The Act provided a framework within which a new relationship between landlord and tenant could develop. It sowed and created an environment in which future reform could take place. Land Reform is after all only one aspect of agrarian reform and it could hardly be expected to succeed without reform in the complementary institutions. The Paddy Lands Act of 1958 has been superseded by the Agricultural Lands Law No.43 of 1973. The role of Cultivation Committees under this new Law will be discussed subsequently in this Paper because the Cultivation Committee is now linked in many ways to the Agricultural Productivity Committee.

AGRICULTURAL PRODUCTIVITY COMMITTEES

94. The Agricultural Productivity Committee is a new rural institution established under the Agricultural Productivity Law No.2 of 1972. In paragraphs 14 to 18 reference has been made to the acute economic difficulties that Sri Lanka had to face during the period 1970-75. The problems of unemployment and the over-dependence on imports, especially of food items, compelled the Government to give the highest priority to the question of land, employment and maximum productivity.

95. An Agricultural Productivity Committee was established within the area of a Village Council.¹ In a few areas where the unit of a Village Council was large, more than one Agricultural Productivity Committee was appointed. A Committee consists of not more than ten members appointed by the Minister of Agriculture and Lands. These members are selected by the Minister in consultation with the member of the National State Assembly for the area and sometimes the Government Agent of the District. The persons selected are nearly always residents of the area who are either farmers or persons having special knowledge and experience in agriculture, management, or local development problems. The Minister appoints one person from among the ten members as the Chairman of the Committee. The term of office of a member of the Committee is three years and the Committee is subject to the general directions of the Minister or any other delegated authority as may be prescribed. The Minister has the power to remove from office any member of the Committee.

96. In general terms Agricultural Productivity Committees are responsible for the promotion, coordination and development of agriculture within its area of authority. In this respect the Agricultural Productivity Law sought to establish for the first time in Sri Lanka sound standards of good management over all agricultural land. The Paddy Lands Act No.1 of 1958 dealt only with paddy lands and not the highlands which form an integral part of a scientific farming system. Under the Agricultural Productivity Law a person who neglects his agricultural land can be dispossessed of his land after due notice and with payment of compensation.

¹The area of a Village Council is determined by the Minister-in-charge and published in a Gazette notification.

97. The Agricultural Productivity Committee was to be the principal agency through which the development and management of agricultural land was to be supervised and directed.

98. The more important functions of Agricultural Productivity Committees were the following:

1. To prepare and maintain a register of all agricultural lands within the area of authority of the Committee;
2. To prepare and submit to the Minister for implementation schemes for ensuring the efficient farming of agricultural lands and their management, maintenance and improvement;
3. To prepare and submit to the Minister for implementation schemes for the consolidation of agricultural lands;
4. To levy from an owner or occupier of agricultural land an acreage tax not exceeding Rs.6 per acre per year.

99. The Chairman and members are not paid any remuneration for their services. They are however, paid travelling expenses in connection with their official work. Each Committee was given an outright grant of Rs.5,000 as initial capital to develop its own funds. At present the principal source of income of a Committee is the acreage tax. However, the Committees have been encouraged to undertake agricultural production, marketing and servicing functions. Many Committees are now undertaking the marketing of agricultural inputs such as seed paddy and fertiliser. Nearly all the Committees are agents of the Agricultural Insurance Board and assist in the collection of insurance premia, assessment of crop damage and payment of indemnities. Some Committees have established plant nurseries for sale of plants to the public. Others have undertaken the collection and marketing of milk for the National Milk Board. All these activities bring additional income. It has now been recognised that one of the reasons for the failure of Cultivation Committees established under the Paddy Lands Act of 1958 was that they did not have sufficient sources of income to perform their duties satisfactorily. The Agricultural Productivity Committees are being encouraged to develop a sense of independence and self-reliance based on financial resources generated by the activities of the Committee itself.

100. The Cultivation Committees established in 1958 did not have even the minimum physical facilities for discharging their functions. For instance, even to this day the majority of Cultivation Committees do not have a building or centre which the local people can identify as the centre of activities of a Cultivation Committee. These defects of Cultivation Committees were taken into account in establishing Agricultural Productivity Committees. Every Agricultural Productivity Committee is to be provided with an attractively designed, sufficiently spacious and adequately furnished building known as an Agricultural Service Centre. Each building has cost the Government about Rs.65,000 to Rs.75,000 and the entire construction programme was carried out from a capital grant by the Government. Nearly all these Centres are also provided with rural banking facilities through a branch of the Bank of Ceylon. Every Committee has also been provided financial assistance of Rs.200 a month for the purpose of employing a paid secretary. At

present there are 494 Agricultural Productivity Committees. Agricultural Service Centres have been provided for 442 Committees. Banking facilities are available in 334 Service Centres.

101. The idea of the Agricultural Productivity Committees functioning from a well appointed Service Centre is a new and interesting development in Sri Lanka. In fact Agricultural Service Centres have become a familiar landmark in the rural scene. The establishment of the Service Centre has also enabled the extension services to function from and through the Service Centre and the Productivity Committee. The overall idea is that through the Productivity Committee, the facilities at the Service Centre including the banking facilities and the extension services could be knit together and utilised for realising the optimum production potentials of a given area.

102. The role of the Agricultural Productivity Committees must also be examined in relation to the new role of Cultivation Committees which came to be established under the Agricultural Lands Law No.42 of 1973 which replaced the Paddy Lands Act of 1958. The new Agricultural Lands Law was introduced with a view to removing the shortcomings and disabilities of the Paddy Lands Act of 1958 and the Cultivation Committees established under the earlier Act. The earlier Cultivation Committee was a body of 12 registered cultivators of the area elected from among the owners and tenant cultivators. The new Cultivation Committee consists of not less than ten persons appointed by the Minister of Agriculture and Lands to represent the interests of persons engaged in agriculture. The new Cultivation Committees were established for practically every ward of a Village Council. The number of Cultivation Committees in the island have therefore increased from 4179 established under the 1958 Act when it was fully implemented, to 5725 as provided under the Agricultural Lands Law of 1973. The powers and functions of the Cultivation Committee have been extended to cover all agricultural land and crop and livestock husbandry in the same manner as Agricultural Productivity Committees. The new Cultivation Committees have to function under the direction of the Agricultural Productivity Committee of the area. The tenancy provisions of the 1958 Act have been retained in the 1973 Act, but the Agricultural Tribunals set up under the Agricultural Productivity Law are now empowered to hear these cases. The post of Commissioner, Agrarian Services which occupied an important position in the 1958 Act was abolished. The new institutional pattern provides for the Agricultural Productivity Committee to be the rural institution at the divisional level covering roughly the area of a Village Council, while a number of Cultivation Committees work under the Productivity Committee as village level organisations. The Department of Agrarian Services which was responsible for implementing the provisions of the Paddy Lands Act of 1958, including the development of Cultivation Committees, has been abolished and a new division of Rural Institutions and Productivity Laws in the Ministry of Agriculture and Lands is responsible for the implementation of the Agricultural Productivity Law of 1972 and the Agricultural Lands Law of 1973.

103. The newly constituted Cultivation Committees perform many of the functions of Productivity Committees. The income derived through the collection of the acreage tax is divided suitably between the Productivity Committee and the Cultivation Committees in the area. Members of Cultiva-

tion Committees also do not receive any remuneration for their services except reimbursement of incidental expenses such as for travelling. As in the case of Agricultural Productivity Committees, Cultivation Committees are also encouraged to undertake activities related to agricultural development which will also enhance their source of income.

104. It is too early to make any definite judgement on Agricultural Productivity Committees and the newly established Cultivation Committees. No substantive studies have yet been undertaken on the effectiveness with which these institutions are performing the functions entrusted to them. The general impression at present is that the performance of these two institutions are somewhat uneven. Their performance has also varied greatly according to the quality of the members and the local environment in which they work. Undoubtedly, more Agricultural Productivity Committees are performing their functions satisfactorily as compared with Cultivation Committees. This is to be expected because the resources available to the Productivity Committee are greater than those available to a Cultivation Committee. The general background and experience of members of Agricultural Productivity Committees is higher than that which obtains among members of Cultivation Committees. A great deal of work yet remains to be done on improving the capabilities of these two institutions.

THE GOVERNMENT AGENT, THE DISTRICT ADMINISTRATION
AND THE POLITICAL AUTHORITY

105. The institution of the Government Agent, the District Administration and the District Political Authority, do not strictly speaking fall within the conceptual framework of rural development adopted in this paper. For this very reason, the Sri Lanka experience in rural development would suggest a realignment of the conceptual framework adopted by ACDA to incorporate these institutions in a suitable manner. In the context of Sri Lanka it would indeed be a grave omission to exclude the institution of the Government Agent and the District Political Authority in a study on Rural Organisations. The reason simply is that these institutions still provide, what may be called, "umbrella support and coverage", both formal and informal in the manifold duties of rural institutions. For these reasons a brief account of these institutions has been included for a better understanding of the rural organisations which have been selected in this study for more detailed attention.

106. The District Administration in Sri Lanka has always played an important role in rural development. There are at present 22 administrative districts each of which is under the charge of a Government Agent. The institution of the Government Agent which originated during the period of British rule is still a respected institution which is well known in the rural areas. The Government Agent and his assistants provide a comprehensive coverage for rural development activities in each district. There are innumerable links both formal and informal between the rural institutions discussed in this Paper and the Government Agent and his district administration. The Kachcheri still remains the representative of the Central Government in each district and all important problems in rural areas are brought before the Government Agent or his assistants by the people directly or through their local institutions such as Cooperatives, Agricultural Productivity Committees and Cultivation Committees.

107. The District Administration was affected by a major change introduced in 1973, when the institution of a District Political Authority was established. Under this arrangement, a Minister, or Deputy Minister or a Senior Parliamentarian of the Government is vested with the responsibility for ensuring that the policies and programmes of Government are properly implemented in the districts. The system of District Political Authorities is an extra constitutional arrangement which is somewhat uncommon in a parliamentary democracy. This innovation had the twin objectives of democratizing and decentralising administration. It was said "to provide a hinge between the fields of politics and administration at the district level".¹ The institution of the Political Authority was sought to be further strengthened by the arrangement of "the decentralised budget" introduced in 1974. Up to this time the annual financial provision of the capital budget of the Government was controlled and directed largely from Ministries and Departments located in Colombo. This necessarily entailed that the selection of development programmes at local level and the channelling of financial resources were decided by persons far removed from the scene of action. The district and divisional level organisations whether governmental or non-governmental were very often ignorant and passive participants in development matters in which they had a right to be directly concerned. The decentralised budget provided finances for capital development works of a local nature, with powers to transfer financial resources from one programme/project to another during the given year and even finance new capital items which were not envisaged at the beginning of the financial year. This arrangement has provided a tangible basis for transferring decision making powers from the centre to the districts and opening thereby new avenues for more enthusiastic participation of the local people in rural development work in their own areas. The Government allocated Rs.175 million in 1974, Rs.125 million in 1975, Rs.360 million in 1976 and Rs.350 million in 1977, under the decentralised budget. These are indeed substantial allocations for capital works in the rural areas. It would be useful to undertake an objective evaluation of the extent to which the instrument of the decentralised budget had generated more development work and more popular participation in the rural areas.

108. The District Political Authority system has distinct advantages. It has also created problems where there has been no harmony between the District Political Authority and the Government Agent. The Government Agent has statutory, administrative and financial responsibilities for which he and he alone can be held responsible under the present administrative system. Where the District Political Authority has been able to provide personal political leadership while recognising the accountability of the Government Agent in certain areas of work, the new system has worked smoothly and produced beneficial results. However, this happy combination has not been attained in all areas of the island. But these shortcomings do not necessarily undermine the relevance of an innovative idea in which adjustments and compromises have still to be made by persons who have worked for long years under an entirely different ethos. It would indeed be premature to offer even a tentative judgement on the role of the District Political Authority and the decentralised budget and its impact on rural development at the present time.

¹"District Political Authority System - Report of Government Agents Workshop" Academy of Administrative Studies, Sri Lanka.

VILLAGE COUNCILS

109. The system of 'administering' rural areas through Village Councils has had a long history in Sri Lanka. After attaining independence in 1948 Village Councils have functioned under an Act of Parliament, i.e. the Village Council Ordinance No.53 of 1946 as amended by Act No.15 of 1965. Each Council consists of 13 members elected for different wards by the people of the area¹ on the basis of a franchise which is exercised in the same manner as when electing members to the national legislature - the parliament. Elections to the Village Councils were therefore an integral part of the multi-party system of parliamentary government that came to be firmly established in Sri Lanka during the period of this Survey. Village Council elections were fought increasingly on party lines and national political divisions also found increasing reflection in the affairs of Village Councils.

110. The important functions traditionally performed by Village Councils have been the following:

- (a) Construction and maintenance of village roads;
- (b) Provision of rural electricity and water schemes;
- (c) Maintenance of satisfactory public health and sanitation services

The Village Councils have to perform these functions within a framework of administrative and financial controls which seriously undermined the sense of autonomy and self-reliance which these institutions may otherwise have developed. On the administrative side, Village Councils were part of the machinery of Government. They were under the political and administrative control of the Minister-in-charge of Local Government. These powers were generally exercised through a Department of Local Government in-charge of a Commissioner who had Assistant Commissioners in all 22 administrative districts to supervise the work of Village Councils.

111. The financial constraints on Village Councils have remained even more oppressive than the administrative constraints. The principal sources of revenue available to Village Councils are the local taxes (e.g. land taxes, license duties, revenue from public utility services), grants from the Central Government and loans from the Local Loans and Development Fund. The general consensus of opinion has been that the funds and revenue available to the Village Council have been woefully inadequate to maintain even the traditional services to the people at a tolerable level. Several official committees and commissions have examined the perennial problem of inadequate finances for Village Councils and recommended a variety of remedies.² But they have not basically altered the financial viability of these institutions. Ursula Hicks, an authority on local government has observed that 'the range of actual services undertaken by most Ceylon Local Authorities is indeed very limited, often little more than elementary sanitary services and minor roads; but what would seem to be wrong is not so much paucity of opportunities as paucity of finances'.³

¹The area of a Village Council is determined by the Minister and can vary considerably. Generally a Village Council covers an area of approximately 45 square miles and includes about 18,209 people.

²See Report of the Commission on Local Government, Sessional Paper XXXIII of 1955.

³Development from Below by Ursula Hicks, Oxford Univ. Press, 1961.

112. There have also been other factors which have acted against Village Councils becoming important rural institutions. During the period 1950 - 1975 there has been a vast expansion of the machinery of the Central Government as seen in the creation of new institutions, particularly State sponsored Corporations (e.g. State Trading Corporation, The Tractor Corporation, The Paddy Marketing Board) for providing a variety of services to the people. This expanding machinery has established its own network in the rural areas, quite outside the perview of Village Councils. Although Village Councils have been described as the training ground for recruits to the national political arena, the centre has often been unresponsive to initiatives that originated at the level of the Village Councils. The growth of the parliamentary system of government has tended to weaken the traditional authority of the Village Councils which have not changed or enlarged the scope of their activities to meet the new demands of the post-independence period. They were often passive observers of the rapid changes that were taking place in the rural areas. The work of the Village Council was also not sufficiently varied and interesting to attract the right type of people or to stimulate local enthusiasm. The traditional functions of the Village Councils remain stagnant in both form and content even though vast changes are going on in rural Sri Lanka.

NON-GOVERNMENTAL ORGANISATIONS

113. There are many non-Governmental organisations engaged in work relating to rural welfare in Sri Lanka. Of these, the Lanka Mahila Samiti and the Sarvodaya Shramadana Movement are two organisations which have made some impact in the rural areas.

SRI LANKA MAHILA SAMITI (SRI LANKA WOMEN'S ASSOCIATION)

114. The origin of the Lanka Mahila Samiti movement dates back to the 1930s when the new universal suffrage emboldened a small group of dedicated women to set up the Central Women's Institute and to form a few Mahila Samitis in a selected number of villages around Colombo. By the time they celebrated their 25th Anniversary there were Mahila Samitis in 850 villages scattered over almost every part of the country, with a membership which was said to be around 55,000. Today it is claimed that there about 2,300 Samitis and a membership of 200,000 women. Incorporated by an Act of Parliament in 1947 it is affiliated to the Associated Country Women of the World and has gained international recognition for its community development work.

115. The objectives of the Lanka Mahila Samiti are to further women's educational, social and economic progress. The principal areas of interest are homecrafts, mothercraft, cottage industries, cooperative enterprises, social hygiene and local institutions such as hospitals and welfare centres.

116. The village samiti functions democratically with office bearers elected annually. The planning and implementation of village development projects are carried out under the guidance of trained sevikas (paid workers) and trained swechcha sevikas (voluntary workers). Field staff members of the Departments of Rural Development, Health, Agriculture, Small

Industries, Education, Marketing and Cooperatives are invited to some of the regularly scheduled village meetings and discussions. Their advice and assistance is obtained in every aspect of the work of the samitis. Through these contacts with officials, village women have organised a wide range of activities for their own betterment - such as construction of compost pits, promoting the use of boiled drinking water, improving the community well, organising adult literacy, sewing and handicrafts classes, cookery demonstrations, home-gardening, fruit canning, etc.

117. The administration of the Lanka Mahila Samiti is basically in the hands of a Central policy making Body the membership of which does not exceed 29. This includes elected officials and representatives of the appropriate Departments of Government. The programme drawn up by this Board forms the basis of action of the Samiti. Matters such as finance, correspondence and general supervision of staff and village Samiti activities are attended to by the executive committee of the Board. With a view to decentralising the work of the association, the responsibility of day-to-day supervision and promotion is delegated to 22 administrative districts. Membership of these Committees consists of the district parikshaka and grama sevikas (supervisors and village workers) and members of the nearby samitis. There are also 55 Mahila Samiti Unions each of which has representatives from all village Samitis within its area. At these Union meetings the progress reports of the member Samitis are discussed and Government programmes are explained.

118. A Mahila Samiti is formed on a written request made by at least ten village women. Membership is confined to women in the age group of 15 to 50 years. An unmarried member in the age group of 18-30 is then chosen to undergo a course of training at the training institute run by the central organisation. She should normally have reached the GCE (OL) in formal education. The nominee returns to the village to function as a swechcha sevika after completing 3½ months of intensive training.

119. The movement has financed and established a Training Institute in 1948. It is well equipped for its purpose under the leadership of a resident warden, four handicraft instructresses and staff. Three courses are conducted each year with 30-35 trainees in each course. The course content includes topics such as health, agriculture, thrift, cooperation and family planning. These courses are conducted by officials of the appropriate Government Departments.

120. The Lanka Mahila Samiti maintains 25 model centres throughout the island. Activities such as agriculture, needlework and sewing, food preservation, canning and creche work are organised at these centres. The Lanka Mahila Samiti also maintains 45 creches with grants from the Social Services Department. Most of the funds for the operation of the Samiti come from the Departments of Rural Development, Health and Social Services. Less than 10% of the income is from donations, finance companies, affiliation fees, subscriptions, special sources, etc.

121. It is necessary to recall the socio-economic conditions of the thirties in Sri Lanka in order to appreciate the tasks of the Lanka Mahila Samiti workers. This movement was launched during colonial rule when life in the rural villages was greatly neglected and educational and health standards in the rural areas were poor. In recent years with the emergence of other rural institutions and the introduction of welfare measures by the State, the work of the Mahila Samiti has received less attention. Nevertheless, the efforts of the Mahila Samiti have potential for effective work. However, it remains handicapped by several constraints. Trained staff is inadequate. Financial resources are inadequate. The bulk of the financial resources are in the form of Government grants that sometimes, for political reasons, are subject to changes and in rare instances to outright withdrawal. If the movement is to continue and develop in the future, it should proceed to have its own fund-raising campaigns both locally and abroad and reduce its dependence on Government financial support.

THE LANKA JATIKA SARVODAYA SHRAMADANA SANGAMAYA

122. The Lanka Jatika Sarvodaya Shramadana Sangamaya which had its origin in 1958 aims at bringing about a non-violent total revolution in man and society to build a new social order. It is a Government approved charity incorporated by an Act of Parliament in 1972.

123. The shramadana movement organised by the Sangamaya is said to be operating in nearly 900 villages (of a total of 22,000 villages) in Sri Lanka.

124. The 'philosophy' of Sarvodaya has four guiding principles: (1) Metta or respect for all living beings; (2) Karuna or Compassionate Action to remove the cause that brings about suffering; (3) Muditha or Altruistic Joy of living; and (4) Upekkha or Mental Equipoise. These are all basic concepts in Buddhism.

125. The objectives of the movement in more specific terms are :

- a. the liberation of man for his total personality development;
- b. the liberation of village and urban communities for total community re-awakening;
- c. the liberation of national community for total national re-awakening;
- d. the liberation of the world community for world re-awakening towards human brotherhood and peace.

126. The means adopted to realise the above objectives are :

- i. Sharamadana (voluntary labour) Camps where groups of Sarvodaya volunteers camp in the village and work with the members of the village community on a development programme planned mainly with the active participation of the people themselves.

- ii. Gramodaya or village re-awakening process where an integrated programme of community development affecting relevant aspects of education, health, economic development and organisational efficiency of the people is carried out;
- iii. Deshodaya or National re-awakening programmes which bring together different village and urban communities for mutual cooperation in self development;
- iv. Vishvodaya or World Re-awakening Programmes to bring groups of people from different countries together for mutually beneficial cooperative action which also helps towards the creation of a world where different cultures enrich one another and help open the way to world peace and brotherhood.

127. The management of the Sarvodaya movement is in the hands of an executive committee of 35 members, 20 of whom (mainly young persons over 25 years of age) are selected annually by the membership. The remaining 15 are the Council of Elders, honorary or life members of the organisation who function in an advisory capacity. The movement is specially interested in involving youth in its activities and counts on youth to play an important part in the executive council.

128. The officers and field staff of the movement consist of volunteers most of whom are young university and college graduates who utilise the after work hours, holidays and vacations to carry out their assignments. Most of them are teachers, senior college students, university professors and lecturers, Government and mercantile employees and Buddhist clergy.

129. One of the first groups that is organised in a Sarvodaya village is the children's group. Children from 3½ years to 7 years attend a pre-school centre. Each centre has a trained pre-school helper. The broad objective is the physical, mental and psychological well being of the children for children between the ages 7-14, most of whom are attending school. Sarvodaya makes every effort to assure school attendance of the needy children by giving them clothes and books. Among its more organised activities are helping children in school subjects in which they are weak, planning educational tours and exhibitions, holding religious classes, conducting programmes for the physically and mentally handicapped, organising children's farms and assisting home gardening projects, promoting social, cultural and recreational activities.

130. The second group organised in the village is the Mother's Group. This deals with the bringing up of children, home improvement, religious work, moral re-awakening and activities to supplement the family income.

131. The third group is the youth group consisting of young people of both sexes, between 15-30 years of age. This group deals with such matters; as vocational training, acquisition of skills for involvement in rural industries and children's library work and adult education. The youth groups started in 1969 claim a provisional enrolment of 12,000 in 120 groups in 1972.

132. The fourth village level group is the farmer group. The objectives of this group include unity among paddy farmers in particular, and all farmers in general, awareness of the rights and freedoms of participation in agricultural policy making, increasing farm incomes, restoration of traditional ceremonies and observances that have given meaning to life in a farming community.

133. In the fifth group are included all the other elders of the village (teachers, craftsmen, labourers, Government Servants working in the area).

134. The village working council or the Gramodaya Sabha is a body representing all these groups and is responsible for the entire development programme in the village.

135. The awakening process at the grass-roots level is initiated by the technique of the Sarvodaya Shramadana Camp. A strict code of self-discipline is followed in these shramadana camps with six to eight hours of each day devoted to physical work and three to four hours to education through dialogue song and dance. This get-together is claimed to be of great educational value and an effective technique of psychologically integrating the educated and less educated rural and city folk.

136. Some of the items of work undertaken at these shramadana camps are construction of motorable approach roads to the village, renovating village irrigation tanks and irrigation canals, assisting in paddy cultivation by providing voluntary labour in ploughing, transplanting, weeding, harvesting, threshing, etc., assisting in the cultivation of other crops such as vegetables, fruits in home gardens, assisting in soil conservation, land reclamation, opening of new lands for agriculture, new cottage crafts and home industries, construction of low cost houses, construction of wells for bathing and drinking and improving environmental sanitation.

137. At the sarvodaya headquarters at Meth Medura Moratuwa (about twelve miles South of Colombo) the movement offers training for village people in agriculture, carpentry, metal work, bamboo work and rattan work, arts and crafts, batik making, photography, printing, community leadership and running pre-school centres. These are all skills needed in villages or for which there is an employment market. A 500 acre farm at Tanamalwila (167 miles from Colombo) and eight other smaller farms in different parts of the country are also used for training purposes. In addition to these training courses, Sarvodaya organises short seminars on "development education".

138. From the very beginning the movement has had to face problems of inadequate funds to carry through its development programmes. Wider international recognition for the movement appears to have improved the position. The bulk of the financial resources is in the form of foreign donations by way of cash, milk powder and food aid and vehicles, and machinery and equipment for training programmes. From time to time fund raising campaigns have been launched locally and abroad. Other sources of funds are subscriptions, cash donations and Government grants.

139. There is no coordination between the development programmes initiated by the Government and those of the Sarvodaya movement. In this connection, the movement on the whole appears to be operating independently of the development activities that are carried out by various Government departments in the Sarvodaya villages. For the most part the Sarvodaya movement appears to be operating outside the Government field of activity, the only contacts being at village level, where it is found to be useful or relevant.

140. These two organisations, in spite of the constructive services that they perform in the rural areas, are yet outside the policy framework and the implementational strategies of rural development in Sri Lanka. This is indeed unfortunate because small rivulets swell the power of large rivers and a well conceived national plan can usefully absorb the developmental energies of some of the non-Governmental organisations which have genuine commitments to the rural sector.

THE VERTICAL AND HORIZONTAL LINKS

141. The discussion of Cooperatives, Cultivation Committees, Agricultural Productivity Committees, Rural Development Societies and Village Councils would not be complete without providing some idea of their operational links both vertical and horizontal. It has often been said that there are too many rural organisations working in the rural areas of Sri Lanka and that this very situation has led to a high degree of confusion and inefficiency in the manner in which these rural institutions perform their functions. There is considerable validity in this criticism. Nevertheless, the manner in which these different rural organisations function and interact is more easily comprehended by the local people than an outsider who wishes to demarcate the functional areas of the different institutions in rather rigid terms and point to problems of duplication and overlapping.

142. All these institutions have vertical links to the Central Government functioning through Ministries and Departments located in Colombo. The Cooperatives have the Assistant Commissioner of Cooperatives in the district and the Commissioner of Cooperatives and the Ministry in charge of Cooperatives in Colombo. The Agricultural Productivity Committees and Cultivation Committees have the Assistant Director, Rural Institutions and Productivity Laws in the district and the Director, Rural Institutions and Productivity Laws and the Ministry of Agriculture in Colombo. The Rural Development Societies have the District Rural Development Officer and the Director of Rural Development and the Ministry in charge in Colombo. The Village Councils have the Assistant Commissioner of Local Government at the district level and the Commissioner of Local Government and the Ministry of Local Government in Colombo. These vertical links are part of the established organisational pattern for these rural organisations. They have tended to inhibit the development of these organisations as independent agencies with a high degree of self-reliance. The rural organisations have tended to lean upon the vertical links of the administration for direction and guidance even in the day-to-day affairs of their own organisations. On the other hand, it would be over theoretical to insist that the development of rural organisations would be best served by altogether removing the vertical links with the Central Government. Considering the present managerial capacity and

leadership of these organisations, the meagre financial resources available to them outside Government assistance and their inadequate sense of commitment to the goals of rural development; the removal of the vertical links can lead to a total breakdown of the rural organisations. In the present context of Sri Lanka the relationship between the Central Government and the rural organisations must be based on a high degree of compromise in which the Central Government assists but does not thwart the development of these organisations towards a relatively high degree of independence and popular participation within the framework of Government policy.

143. Any evaluation of the manner in which the vertical links are helping or preventing the development of rural organisations must not proceed in absolute terms. The approach should be a tentative and cautious one of understanding the basic tendencies at work. In other words, the perceptions should be directed towards finding out whether the basic thrust of Government policy and the manner in which the vertical links function are leading to the creation or otherwise of more self-reliant rural organisations. In this respect a very conscious attempt is now being made to assist Agricultural Productivity Committees and Cultivation Committees to exercise substantial powers and develop the organisational strength to manage their own affairs.

144. At the district, divisional and village level, rural organisations have strong formal and informal links with the Government Agent and the District Administration. The official links operate through numerous committees, including committees appointed for the management of specific development projects where representatives of many of these rural organisations are given opportunities of official participation. Very often informal links between the principal office bearers of rural organisations and the District Administration are more productive than the official links. The nature of these relationships naturally tend to vary according to the personalities of the individuals concerned. The District Administration and the rural organisations are in constant touch and dialogue on all aspects of rural development such as the alienation of land, agriculture, agricultural supplies, irrigation, forestry, availability and distribution of consumer goods, rural infra-structure facilities and even in matters of law and order.

145. Outside observers of the rural scene in Sri Lanka are often puzzled as to how the different rural organisations function when there is no clear demarcation of their areas of work. Admittedly, there are some areas of overlapping and duplication but in practical terms the rural people know the basic functions of the different institutions. The Cooperatives are principally concerned with the distribution of consumer goods. The Agricultural Productivity Committees and Cultivation Committees are principally concerned with the management, tenure and productivity of the agricultural lands. The rural development societies are principally concerned with the provision of small scale rural infra-structure facilities and in some cases with cultural and recreational activities. The Village Councils are concerned with the functions entrusted to them under the Village Councils Ordinance and is principally concerned with such subjects as sanitation, electricity, water supply and the maintenance of village roads. The Government Agent and the District Administration is the principal avenue through which rural organisations interact, establish dialogue and participate in programmes of common interest.

CONCLUSIONS

146. There has been a national policy commitment to rural organisations in Sri Lanka for the greater part of the period covered by this survey. During the period 1948 to about 1958 the Government development programmes in the rural areas were delivered almost exclusively through Departments and agencies of Government which had extended their organisations into the rural areas. It was in this manner that the large land alienation and settlement programmes, principally in the Dry Zone of the country, the restoration and establishment of major irrigation works, the provision of islandwide educational and medical facilities were carried out. The rural development movement and a few non-governmental organisations carried out some rural development activities in the rural areas. But they were marginal and of small scale value when compared to the principal development programmes carried out directly by the intervention of Government agencies.

147. The deteriorating economic situation and the problems of a growing population which began to emerge as major socio-economic problems during the period 1958 to about 1970 made it necessary for the Government to intensify agricultural and industrial growth. It was during this period that the Cooperatives, the Cultivation Committees and to a lesser extent Rural Development Societies came to be recognised as important agencies responsible for delivering rural development programmes of the Government.

148. The period 1970 to 1975 witnessed a major escalation in the economic and social problems of the country. This period also coincided with a period of international inflation which further aggravated the economic difficulties of the country. The major policy decisions of this period were the large scale banning of imports, the land reform programmes carried out during the period 1970-74, the massive national effort at intensifying agricultural production on a diversified basis and the expansion of the export trade through the development of non-traditional commodities.

149. Even though there has been an intensified national commitment to the development of rural institutions expressed in terms of legislation and related policy measures, the actual performance of the important rural organisations remains well below expectations. The performance of the rural organisations continue to be uneven though in certain areas some of these organisations are performing their functions very effectively. The principal deficiencies of rural organisations continue to be their inadequate managerial capacity, financial stability, ineffective leadership and inadequate understanding and commitment to the goals of national development within which rural development occupies an important position. All the available evidence indicates that the commitment of the Government towards the development of rural organisations will continue. The policy of investing in the rural areas will continue to gather momentum. The instrument of the decentralised budget is one indication of the way in which financial resources are being allocated to the rural areas with the freedom of making decisions also being decentralised to the level of the districts.

150. In essence, the Sri Lanka situation at the present time is that there is a great deal of experimentation in institutional forms for reviving the economy and society of the rural areas for overall national development. The present period is primarily a transitional one and it will take several more years before the viability of the present programmes and the rural organisations through which they are being largely directed can be assessed in meaningful terms.

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