

SOME ISSUES IN ECONOMICS OF PEASANT FARMING IN THE NEW SETTLEMENTS: A STUDY OF TWO VILLAGES IN THE GALNEWA REGION

The farm allotment is the prime unit of production in the new settlements falling within the Mahaweli Development program. Accordingly a three-acre allotment consisting of two and a half acres of irrigated lands for paddy and a homestead of half acre was given to commence family farm operations to settlers drawn from different parts of the country. The decision to allocate two and a half acre (one hectare) holdings was based on the experiences of Gal Oya, Minneriya and other similar settlement schemes, and on the results of controlled tests at the Palwehera research centre. However, the settlement experiences in the Galnewa region for the last five years appeared to question the viability of these holdings in terms of their capacity to generate sufficient surpluses. Some of the recent changes in the cost structure of farm inputs and the response of settler farmers towards these changes have diminished the production potentials of one-hectare farms thus narrowing the producer margins.

The objective of this study is to explore the economics of peasant farming in order to find the subtle and complex mechanisms that affect the viability of peasant farming. A sample survey was carried out towards the end of 1982 in two selected villages. Analysis of this data disclosed among other findings that farming in the settler economy has become non-viable in the context of escalating cost of production and low output levels of farm holdings. It was also found that farming in the area has been affected by the scarcity of water, which reduced the cropping intensity substantially. The yield levels shown under the controlled experiments have been quite unattainable on account of the yield gaps. These changes have led to the incidence of a "vicious circle" of low income and poverty that makes peasant farming in such allotments uneconomical and non-remunerative.

References

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