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**TENANCY IN CEYLON'S PADDY LANDS: THE
1958 REFORM**

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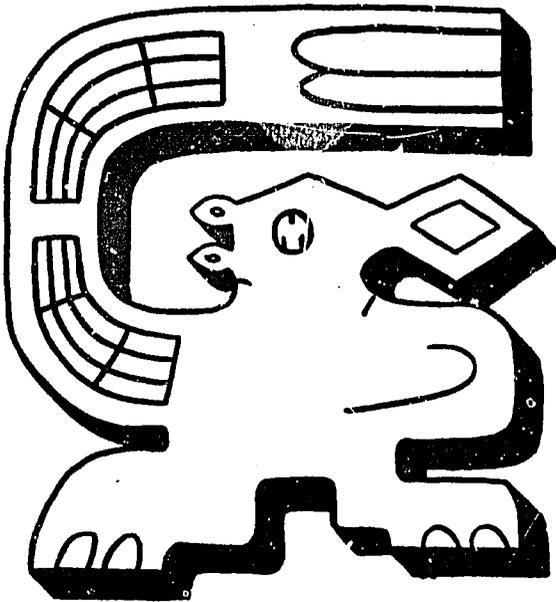
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Tenancy in Ceylon's Paddy Lands:
The 1958 Reform

by Nimal Sanderatne

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16. Abstracts Tenure reforms in Ceylon's paddy lands is particularly important since rice cultivation covers the largest cropped area for any other single crop, and its cultivation is the largest single occupation. The paddy land tenure problem and its reform is discussed, focusing attention on the following: systems of tenure, their incidence and nature; objectives and provisions of the reform legislation; assessment of the effectiveness of the reforms; and suggestions for new reform directions. Types of paddy land tenure are summarized. Among the types discussed are: the <u>ande</u> form, or share-cropping, and the <u>tattamaru</u> system. The Paddy Lands Acts of 1953 and 1958 are reviewed, with particular attention given to the 1958 Act and its shortcomings. If judged by effectiveness in successfully altering the basic tenure conditions which surround paddy cultivation, the Paddy Lands Act of 1958 and its supporting amendments have had very limited success. A scheme is suggested which would convert existing tenancy to owner-cultivation through the medium of public purchase and retransfer of landlord holdings. The advantages and disadvantages of this scheme are briefly discussed. ←				
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Tenancy in Ceylon's Paddy Lands: The 1958 Reform

Nimal Sanderatne

Ceylon's Paddy Lands Act of 1958 contained several features which in principle should have given improved conditions of tenure to share-croppers and other tenants. In practice, the act may have contributed to a deterioration in the tenants' position. The reasons, it is argued here, are that the reform was not accompanied by the necessary institutional measures, and that it failed to take account of the strength of the interests to which it was opposed. A more far-reaching redistribution of land is needed, it is suggested, not only to give the peasants more effective incentives, but also to release resources for industrial development.

Introduction

The conditions under which land is held have an important bearing on a nation's agricultural productivity, the distribution of incomes and the nature of her political, social and economic institutions. This is especially so in a country such as Ceylon where the bulk of her population secures its livelihood from land, and the avenues of non-agricultural employment are limited.

A comprehensive discussion of land tenure reform in Ceylon would have to view the total land tenure structure, encompassing not merely the peasant agricultural sector but also the estate sector. The inter-relationships between these sectors as well as the greater manoeuvrability of a tenure reform concerned with the rationalisation of the entire tenure structure suggest such an approach. Yet, perhaps owing to several domestic and foreign economic and political constraints, such a comprehensive discussion has been lacking. It is also likely that the higher productivity per acre of the estate sector has lulled minds into a presumption that the existing tenure structure in tea, rubber and coconut lands is ideal. Perhaps the conventional categorisation of Ceylon's agriculture into an estate and non-estate sector has also contributed to reinforcing the implicit presumption that tenure problems exist only in the latter and that reforms could be undertaken without reference to the estate sector. Since this paper concentrates solely on the tenure problem in paddy lands, it is essential to state explicitly that effective land reforms in the rice economy should be conceived of within a broader framework of readjustments in the entire agricultural sector.

Importance of Paddy Land Tenure

Tenure reforms in paddy lands assume a special importance in that rice cultivation covers the largest cropped area for any single crop and its cultivation is the largest single occupation. Besides, the pace of achieving self-sufficiency in rice and thereby permitting the reallocation of foreign exchange earnings at present expended on rice imports is an important determinant of the level of industrialisation and economic development. In so far as productivity per acre in Ceylon's rice fields differs widely from the levels technically feasible with modern inputs, and in so far as such inputs are not utilised owing to unsatisfactory tenure conditions, tenure reforms could effect significant increases in production. Yet while tenure reform, by providing incentive-oriented conditions, could provide a base for a progressive agriculture, it alone would not suffice. An effective agrarian reform policy would incorporate measures designed to improve credit conditions, make available the necessary inputs at reasonable prices, ensure purchase of output at steady and remunerative prices, protect the farmer at times of crop failure through insurance and ensure the availability of the technical know-how of improved methods through a properly trained and committed extension service.

The discussion here is confined to the paddy land tenure problem and its reform. It will focus attention on the systems of tenure, their incidence and nature; the objectives and provisions of the reform legislation; an assessment of the effectiveness of the reforms; and suggestions for new directions in reforms.

Types of Paddy Land Tenure

The types of tenure in paddy lands as obtained in the Census of Ceylon for 1946 are summarised in Table 1. This discloses that about 61 per cent of paddy holdings and about 55 per cent of the total area were owner-cultivated. This is indicative of owner-cultivated holdings being generally smaller than average. In contrast, although the number of holdings under lease arrangements constituted only 3.6 per cent of total holdings, this category accounted for about 9 per cent of the area cultivated, indicating that the size of leased holdings was above the average size of holdings.

Ande Tenancy

The *ande* form of tenure, or share-cropping, which accounted for about 26 per cent of holdings and 24 per cent of the area cultivated, presents the most significant tenure problem on paddy lands. The proportion of lands under share tenancy given by the national figures understates the seriousness of the problem, owing to wide regional differences. Share-cropping is a significant tenure condition in the Wet Zone areas of the country. This can be gauged from Table 2, which gives the area and holdings

Table 1
Paddy lands by type of tenure, 1946

Type of Tenure	Holdings		Area	
	Number	Per cent	Acres	Per cent
Owner	469,701	60.8	495,525	55.1
Lessee	28,069	3.6	81,917	9.1
<i>Ande</i> Tenant	199,934	25.9	212,151	23.6
<i>Tattumar</i> Cultivator	52,190	6.8	58,572	6.5
Others	22,014	2.9	51,805	5.7
Total	771,908	100.0	899,970	100.0

Source: Department of Census and Statistics, *Census of Ceylon, 1946*, Vol. I, Part II, Table 69.

Note: Other forms of tenure include usufructuary mortgages included as a separate category in the original data. "Others" therefore includes (1) usufructuary mortgages where the land has been obtained as security for a loan, and the creditor has rights to its cultivation in lieu of interest on the debts; (2) land held and operated on the basis of a permit under the Land Development Ordinance; (3) land operated with a food production permit; (4) land held as a lease from the Crown; (5) land squatted or forcibly occupied without payment of rent; (6) land held as payment for services performed to temples; and land held in any other way not mentioned in the four types of tenure in the table or in the categories (1) to (6) above.

Table 2
Percentage of share-cropping and rotational cultivation in Wet Zone district, 1946

District	Share-Cropping or <i>Ande</i> Tenure		Rotational or <i>Tattumar</i> Cultivation	
	Holdings	Area	Holdings	Area
Low Country				
Colombo	28.7	34.6	3.2	3.4
Kalutara	21.2	23.5	14.4	16.6
Galle	13.8	14.6	7.8	7.3
Matara	44.2	51.3	4.2	3.5
Chilaw	27.0	34.9	9.3	4.6
Kurunegala	28.4	29.3	9.7	11.7
Up Country				
Kandy	42.8	45.9	1.0	0.8
Matale	42.3	47.2	1.8	1.5
Nuwara Eliya	34.8	40.2	1.0	0.9
Badulla	35.7	35.3	3.0	3.7
Ratnapura	48.7	50.2	25.3	26.0
Kegalle	27.8	31.8	35.7	35.6

Source: Department of Census and Statistics, *Census of Ceylon, 1946*, Vol. I, Part II, Table 69.

under share-cropping and rotational forms of owner-cultivation in Wet Zone areas. In Matara, Kandy, Matale and Ratnapura districts more than 40 per cent of the holdings and more than 45 per cent of the area are under share-cropping arrangements.

Although most districts in the Dry Zone are relatively free of *ande* tenancy, about a third of the area under paddy cultivation in the Hambantota district in 1946 was under this form of tenancy. Hambantota is also unique in that large extents of land are controlled by middlemen known as "gambarayas". The intervention of these middlemen results in particularly extortionary conditions for the tenant. Owing to the presence of this system some of the lands included among lessees may in fact be *ande* tenancies. Anuradhapura and Puttalam also disclosed 17 and 16 per cent respectively of their land area to be under *ande* tenancy, despite the fact that these areas are sparsely populated. This is perhaps indicative of the lack of irrigated lands.

There are indications that with increasing population pressure on land this form of tenancy has increased. The Census of Agriculture 1962 disclosed the area under share-cropping as 281,785 acres compared to 212,151 in 1946. Although the 1962 figure relates to all land and not paddy lands alone, since this form of tenancy is rarely found in the cultivation of other crops the increase of 69,634 acres under share-cropping is indicative of the increase in share-cropping in paddy cultivation.¹

There is a wide spectrum of share tenancy in the country. Not only is there a variation in different regions of the country, but even within a region varying forms of share tenancy may prevail. The common features of these arrangements are that the tenant pays the rental to the landlord as a proportion of the total produce and the agreement is oral without any certainty attaching to the period of tenancy.

**Factors
Influencing
Share Rent**

The exact share proportion and the resources contributed by the landlord vary. Among the factors which influence the share arrangements are the population pressure on available land; the alternative avenues of employment available to the peasants; the fertility of the land; the susceptibility of the land to drought, flood or other forms of crop damage; the occupational status and economic condition of the landlord and his place of residence; the personal relationship between the landlord and the peasant families; and the social customs prevailing in the area. Generally, a landlord resident in the vicinity of the cultivation provides more inputs and obtains a larger proportion as share rent. Even when the only landlord resource is land, generally the resident

landlords obtain a higher rental than the absentee landlords. This is because the resident landlord is able to insist on better cultivation practices, on the threat of eviction, and to supervise the harvesting so as to ensure he obtains the agreed share. Resident landlords are often a source of social and financial security, providing assistance to the cultivator at times when there is sickness or death, or a festivity such as marriage.

The proportion of produce the tenant gives the landlord may vary from one sixth to two thirds of the gross produce, but more commonly it varies between one quarter and one half the gross produce. The landlord may provide the seed and draft animals in addition to the land resource, and obtain a share of the produce, or provide only the land resource. Often the non-land resources are provided by the landlord for a separate interest payment which may be as high as 50 per cent for a season of about five months. A principle for share arrangements is one quarter for the land resource and one quarter for the draft animals and a return at harvest of seed paddy at a rate of one half to two times the seed borrowed at the time of sowing. However, half the produce may often be given for only the land resource.

In addition to the share rental, the tenant may provide certain services to the landlord and make token gifts known as *madaran* to indicate his loyalty. In some areas of very high population pressure, such as the Kandy district, the token presentation has deteriorated from a customary presentation of betal and areca nuts to a compulsory payment of cash.²

Whatever precise terms the *ande* form of tenancy may take, it has a built-in disincentive for the adoption of improved cultivation practices. One advantage of share tenancy, however, is that the payment of rent as a proportion of total produce makes the landlord a party to the risk. When the vagaries of the weather affect the tenant adversely his rental is proportionately reduced. The disadvantages stem from the insecurity of the tenure arrangement, which discourages capital investment, and from the fact that most share tenancy arrangements require the tenant to pay the landlord a share of an additional output produced by an increase in investment or extra labour input.

Tattumarū Tenure

The *tattumarū* system of tenure has arisen in areas of very acute land shortage where the divisions of paddy holdings have become so small that it is not feasible for them to be further divided. Therefore, instead of the paddy plot being divided among the heirs, the rights of ownership and of cultivating the plot are rotated season by season, in an arranged order. Although

the Census of Agriculture 1946 disclosed that only 6.8 per cent of all paddy holdings and 6.5 per cent of the total paddy area were under the *tattumarū* type of tenure, in the Kalutara, Ratnapura and Kegalle districts 16.6, 26.0 and 35.6 per cent respectively of the paddy area was cultivated under it. (See Table 2.)

This form of tenure leaves the cultivator of each season little concerned with effecting improvements on the land. Since each owner's right to cultivation is at intervals of time it tends to be an inefficient and wasteful utilisation of his labour resources, and provides him with an inadequate, uncertain and discontinuous income. The Census of Agriculture 1962 indicated the total extent under *tattumarū* cultivation under *all crops* in the non-estate sector to be 50,000 acres, compared to 58,600 acres for *paddy alone* in 1946. This decline is probably an indication that many holdings under this form of tenure have been sold to creditors because of their owners' inability to make a living from the use of such small plots at intervals of time.

Size of Holdings

The high incidence of small-sized holdings and the tendency towards fragmentation and parcelisation constitute fundamental problems of land tenure. By fragmentation is meant the usual phenomenon of dividing existing holdings, while parcelisation is the spatial separation of agricultural units which are both technically and economically a single unit. Parcelisation has arisen mainly owing to the practice of passing through inheritance not only pieces of land of equal size, but also distributing the land among heirs equitably with respect to fertility and water.

Table 3
Paddy lands in the non-estate sector by size of holding, 1946

Size of Holding	Number of		Average Size	Percentage of	
	Holdings	Acreage		Holdings	Acreage
Below $\frac{1}{4}$ acre	242,690	58,005	0.2	31.5	6.4
$\frac{1}{4}$ acre up to 1 acre	253,823	147,376	0.6	32.9	16.4
1 acre up to 2 acres	162,120	193,794	1.2	21.0	21.5
2 acres up to 5 acres	85,310	231,726	2.7	11.0	25.8
5 acres up to 10 acres	19,705	122,073	6.2	2.5	13.6
10 acres and over	8,260	146,996	7.8	1.1	16.3
Total	771,908	899,970	1.2	100.0	100.0

Source: Department of Census and Statistics, *Census of Ceylon, 1946*, Vol. I, Part II, Table 70.

The 1946 Census of Ceylon disclosed the average size of paddy holding to be 1.2 acres. As much as 64 per cent of holdings and 23 per cent of the total area under paddy were in units under one acre; 85 per cent of all holdings and 44 per cent of the total area under paddy were in units under two acres. (See Table 3.) The Census of Agriculture 1962 discloses a somewhat larger size distribution of paddy which is accounted for by the larger-sized land holdings given under colonisation schemes. Yet 233,000 of a total of 568,000 holdings were below one acre, and barely 190,000 holdings were in the size group 1-2½ acres.³ The 1962 Census of Agriculture also disclosed an average of 2.5 parcels per agricultural operator. Although this pertains to all cultivation, it is still indicative of the nature of the problem.

Fragmentation and parcelisation reduce the efficiency of paddy cultivation in several ways. Fragmentation leads to a waste of cultivable land as "bunds". The synchronisation of operations such as irrigation control and use of insecticides, weedicides and fertiliser in the tract are more problematic. Parcelisation also introduces several diseconomies such as waste of time in moving from one unit to another and the duplication of structures such as bunds and watch huts.

**Paddy Lands
Act 1953**

An initial attempt was made at tenure reform in the Paddy Lands Act of 1953. This legislation included provisions to grant security of tenure for a five-year period, the registration of tenancy agreements, and a maximum rental provision. Yet it was more a recognition that tenure problems existed than a serious attempt to remedy them. The act was applied in two districts, but attempts at enforcement proved ineffective.

**Paddy Lands
Act 1958**

The Paddy Lands Act of 1958 and its subsequent amendments sought to remedy the basic tenurial problems. Its main objectives were the following:⁴

- 1 to regulate the authority which landlords exercised over tenants;
- 2 to control rents paid by tenants;
- 3 to confer security of tenure of a permanent and heritable nature;
- 4 to prevent further fragmentation of paddy lands and provide means for consolidation of small-sized holdings;
- 5 to establish cultivation committees among farmers for the organisation of paddy cultivation in each local area;
- 6 to regulate interest rates and hire charges for implements and draft animals and to fix wage rates for agricultural labour.

It may be added that the legislation did not attempt to give "land to the tiller" or abolish tenancy, but only to regulate it.

Rent Regulation

The act was administered throughout the country within five years of enactment, i.e. by 1963, but the sections pertaining to tenancy rights were made retroactive from April 12, 1956.

The regulation of tenancy rents had the important stipulation of a maximum rental which ensured that increased production beyond a certain level accrued entirely to the tenant. The rent payable was stipulated from time to time by the Commissioner of Agrarian Services whose authority to fix rents was restricted to a maximum of fifteen bushels per acre or a one-quarter share of the produce, *whichever should be less*.⁵ In practice the range of rentals has been between a maximum of twelve bushels per acre or a quarter of the yield, *whichever is less*, and a minimum of two bushels per acre or one eighth of the yield, *whichever is less*. The higher rentals applied to areas of higher yields and the low rentals to those with low yields.

The rent could vary not only from district to district but within different parts of each district.⁶ A landlord or tenant could appeal to the Board of Review against the rent fixed by the Commissioner of Agrarian Services,⁷ but changes made by the Board were applicable from the next season.⁸ Rent could be paid in cash at the request of the landlord or tenant. In which case, the cash rent would be set at the money value of the produce share converted at the current guaranteed price for paddy of the same quality.⁹

The principle underlying the rental arrangement combines the merits of a fixed and of a share rental. The stipulation of the rent in terms of a fixed quantity of paddy determines a maximum rent payable, while the provision of a crop-share makes the rent flexible relative to the crop out-turn realised by the tenant. This form of rental is incentive-oriented, since the fixed rental provision is operative when productivity increases beyond the inverse of the landlord's share ratio. In such an event, the entire increase in output beyond the fixed rental accrues to the tenant.

In order to protect landlords from low rentals resulting from neglect of the land, and to prevent such wilful neglect of paddy cultivation, the act provides that when the cultivation committee of the local area is satisfied that there is such neglect, it will determine a rent on a basis other than the actual yield.¹⁰ On the other hand, where the land has not been wilfully neglected but there has been a partial or complete crop failure, or when the land has not been cultivated for any cause other than the tenant's neglect, the cultivation committee can determine a reduced rent for partial failure or waive the rent for the other conditions.¹¹

**The Tenant's
Predicament**

While the rental provisions of the Act were decisively favourable to the tenant, many tenants continued to pay the earlier customary share rental for many reasons, chief among these being the fear of eviction. As the Commissioner of Agrarian Services, J. V. Fonseka, expressed it: "... every tenant cultivator did not seek to take advantage of this particular provision, because he did not want to provoke eviction by the landlord by seeking to pay the regulated rent."¹² Although the act had provisions for non-eviction, the length of time it would take to follow procedures for the restoration of land constituted a serious disadvantage to the tenant, who lost his means of livelihood for a time at least. In a context of a lack of alternative employment opportunities and the absence of savings to live upon meanwhile, such eviction would make his prospect of livelihood precarious. Most tenants were in no position to risk it. Each instance of an eviction was a painful warning to other tenants of what their own predicament would be if they were to insist on the legal rights conferred by the act, indisputable as the provisions might seem to be.

Difficulty of Proof

Tenancy arrangements were oral agreements. Notwithstanding the fact that the act recognised such oral rights, there were serious difficulties in proving them. This was especially so in a socio-economic context in which the landlords wielded disproportionate economic power and commanded the customary respect characteristic of a feudal hierarchical social structure. In such a context it would be difficult to get the evidence necessary to support a tenant's customary rights. Viewed in such a perspective, it is surprising to find that between 1958 and 1968 about 35,500 evictions were reported to the government,¹³ and the number would in fact have been larger than reported. This attempt to obtain better conditions in the face of great odds bespeaks some dynamism in the peasant sector.

**Dependence on
Landlords**

Apart from the threat of eviction, there were other factors which hindered the implementation of the rental provisions. In many cases the tenant was dependent on the landlord for operating capital such as draught animals, and even for loans for purchases of fertiliser or for his living expenses between sowing and harvesting. The limited number of institutional credit sources accessible to the peasant was a serious impediment to a tenant's ability to insist on the act's rental provisions. A survey of rural credit on the eve of the Paddy Lands Act in 1957 disclosed that 54 per cent of rural families were in debt, and that only 7.8 per cent of debts involved institutional sources. Landlords accounted for 8 per cent of loans, while relatives and friends accounted for 44.2 per cent and professional moneylenders 27.0 per cent. (See Table 4.)

Table 4
Sources of rural credit, 1957 and 1961/62

Sources	Per Cent of Total	
	1957	1961/62
Institutional	7.8	34.2
of which: Government	2.6	
Cooperatives	4.1	33.0
Commercial Banks	1.1	1.2
Non-Institutional	79.2	65.8
of which: Relatives and Friends	44.2	28.4
Landlords	8.0	—
Professional Moneylenders	15.5	15.9
Boutique Keepers	7.4	16.9
Itinerant Traders, Merchants and Commission Agents	4.1	4.6
Unspecified and Others	13.0	—
	100.0	100.0

Sources: 1 1957 data from Ministry of Agriculture and Food, *Agricultural Plan—First Report of the Ministry Planning Committee*, Colombo, 1958.
2 1961/62 data from *Administration Report of the Commissioner of Agrarian Services for 1962-63*, Colombo, 1964.

The tenants' dependence on the landlord was not confined to paddy cultivation. In some cases the tenant farmer was also a labourer in the landlord's coconut or rubber land and was paid wages for such work. This was a useful supplement to his income from his paddy holding. The tenant's wife and other members of his family might be similarly dependent on the landlord for wage labour, and an attempt to pay the stipulated rent might jeopardise these other avenues of income as well. Landlord retaliation might not be confined to the tenant and his immediate family but could spill over to his extended family. All these factors could influence the tenant to refrain from seeking to take advantage of the new rental stipulation.

The restraints are not merely economic. Social and customary restraints also play a role. The tenant long accustomed to the traditional form of *ande* tenancy may view the payment of the agreed share as a moral obligation and the breach of the oral agreement as an ungrateful act to a landlord who has for years provided him with a means of livelihood. The landlord-tenant relationships are not impersonal contractual relationships and may have existed for generations among the landlord and tenant

families. It may be considered not morally justifiable to break such an agreement for the sole purpose of obtaining what might in any case be an uncertain economic advantage: once a tenant breaks the long-standing relationship, to whom can he turn when he needs a recommendation for his son's employment, or who of importance would grace his children's weddings? If he were in dire need who would come to his rescue, especially when anyone else he could turn to might be closely related to or associated with the landlord?

A Spate of Evictions

An important objective of the Paddy Lands Act of 1958 was to confer permanent transferable and heritable tenancy rights subject to the following conditions:

- 1 the payment of the prescribed rent;¹⁴
- 2 the maintenance of an efficient standard of cultivation;¹⁵
- 3 the option of the landlord to cultivate the land himself within five years and up to a maximum of five acres.¹⁶

Each of these conditions had further stipulations to ensure both the rights of cultivation of the tenants and the rights of the landlords to a rental income. However, of greater importance to the effectiveness of the land reform is the spate of evictions that preceded and followed implementation of the Paddy Lands Act.¹⁷ Though the objective of the legislation was to confer a secure tenure on share-croppers, in practice it probably increased their insecurity, especially in the first few years. Landlords evicted tenants who attempted to pay the regulated rents in order to secure the land for cultivation with hired labour. In some areas, landlords kept the old form of share tenancy going by pretending that the share tenant was a labourer, and adducing proof of this by using his own name as cultivator on all records.

In the context of a high population pressure on land and few alternative avenues of employment, finding a new tenant was no problem to the landlord, and possibly held out to him prospects of a more favourable agreement. The threat of eviction or eviction itself, unjustified though it might be, put power in the hands of the landlord to secure conditions forbidden by the Paddy Lands Act. Even if after inquiry the eviction was found to be unjustified, the landlord lost little if anything, for it only meant the restoration of the land to the former tenant on conditions which the landlord would have had to concede initially under the act. There was no punitive clause which would have acted as a deterrent against improper eviction.

In the first five years of the implementation of the act, of about 23,100 complaints of eviction, 19,400 had been inquired into and 8,000 such complaints upheld. Yet the actual number restored

was only 3,800. At the end of ten years (up to 1968), of 35,500 evicted tenants only about 6,100 had been restored to their lands. Over ten per cent of the complainants had lost interest and withdrawn their applications.¹⁸

The seriousness of this deficiency has been well expressed by J. V. Fonseka, the Commissioner of Agrarian Services: "The fundamental basis of this legislation is the guarantee it holds out to every tenant cultivator in this country of permanent and uninterrupted rights of cultivation. Should this ideal be largely unattainable due to defects in the existing law or be achievable only after years of investigation and protracted judicial procedures, it is clear that the other objectives of the Act as well, such as the assurance of a fair and just return to the cultivator of the fruits of his labour and the modernisation of a branch of our agriculture which is still dominated by primitive methods of cultivation and still more primitive systems of tenure will also be rendered futile."¹⁹

Consolidation of Holdings

The Paddy Lands Act did not make any explicit provisions for solving the twin problems of fragmentation and parcelisation except for the stipulation that tenancy rights should evolve without division. The act merely included a provision for cultivation committees to prepare and submit schemes for consolidation of paddy holdings.²⁰ In only very few instances have voluntarily worked out schemes of consolidation been effected.

While the Paddy Lands Act stipulated that tenancy rights could not be divided it made no provision to prevent fragmentation in owner-operated holdings or other forms of tenure. By treating owner-cultivated lands differently from those which were tenant-cultivated, the act failed to recognise that irrespective of the type of tenure there existed extents of land which were too small to permit efficient cultivation, furnish incentives for innovation, allow full utilisation of family labour resources or provide a reasonable income. In fact, failure to establish legal controls to prevent fragmentation of owner-cultivated paddy lands may over time be an important factor creating the very conditions of tenancy which the act sought to prevent.

Limiting Factors

Several considerations guided the approach of the Paddy Lands Act to the question of size of holdings. First, it drew a distinction between the size of ownership and the size of operation. Apart from the case of tenancy devolving undivided while ownership may be fragmented, the Paddy Lands Act also provided for the common management of cultivation if the cultivation committees so desired. Second, since there were differing views on both

optimum and minimum size of holdings, it preferred to let voluntary programmes of consolidation resolve the problem with due consideration to the particular local conditions rather than impose an administrative and less flexible solution. Connected with this consideration was the fact that the subdivision of land had significant social and customary implications which it deemed it desirable not to come in conflict with. Further, a solution which displaced persons from agricultural employment in a context of inadequate alternative avenues of employment was not considered desirable. In other words, there was an implicit recognition that disguised unemployment was at this stage preferable to overt unemployment.²¹

The merits of this approach have been aptly summarised by Arulpragasam: "The Paddy Lands Act does not apply a dogmatic approach to these problems. It does not try to do away with small holdings, purely because of their size, but provides the means by which some of their greatest shortcomings—especially in the field of management—can be overcome even within the present pattern of ownership (or under new types of ownership if so desired) by improved organisation. It is flexible in that it does not impose any solution on any particular area, but allows the Cultivation Committee of the area to adopt (or not adopt) schemes for improved management, schemes for consolidation of ownership or cultivation rights, and schemes for collective operation or collective farming most suited to its needs. It is dynamic in that it enables such a rationalisation to be extended from management to production, where so desired."²²

The main deficiency of this approach to solving the problems of fragmentation and parcelisation lies in the reliance it placed on the effectiveness of cultivation committees.

Setbacks for the Cultivation Committees

The creation of cultivation committees to organise paddy cultivation at the local level was an important provision of the Paddy Lands Act of 1958. These committees, which were to consist of twelve elected members, were to be responsible for a wide range of activities. These included, *inter alia*, the collection of rents, loan payments and other charges on behalf of those entitled to receive them; the fixing of wages of agricultural labourers for the area; the development and maintenance of irrigation works and the collection of irrigation rates; the organisation of the cooperative or communal facets of paddy cultivation within paddy tracts; the preparation of schemes for the consolidation of holdings and the establishment of collective farms; making representations concerning the grievances and problems of the farmers to the government; ensuring the supply of agricultural inputs such

as fertilisers, agro-chemicals and implements; and being generally responsible for collectively improving paddy cultivation.²³ In order to perform these functions these committees were empowered to levy a charge from cultivators and land owners.

The formation of the cultivation committees was perhaps the most far-reaching institutional reform envisaged in the legislation. It was an attempt to capture the traditional spirit of voluntary community organisation, and envisioned the active participation of the farmer in the formulation, reorganisation and implementation of agricultural policy. The committees were to provide the organisation through which the activities of the various government departments would be effectively coordinated. It was upon the vitality of the cultivation committees that the land reform legislation, and indeed wider agrarian reform, ultimately depended for success.

At an early stage, however, aggrieved landlords were able to invalidate the cultivation committees by absenting themselves from their elections. The Paddy Lands (Amendment) Act No. 61 of 1961 remedied this by providing for the substitution of cultivators to fill such vacancies. Yet the initial defect was significant in that it affected the stature and influence of the newly formed committees. Observing their initial ineffectiveness, peasants had their enthusiasm dampened and, led to expect little from them, withdrew their participation as well as their call on them. As the Commissioner of Agrarian Services observed: "In the districts where there were serious set-backs to the very establishment of Cultivation Committees in the earlier years, the response of Cultivation Committees was understandably slow."²⁴ The main source of revenue of the cultivation committees was the levy of Rs.6 per acre per cultivation season. Actual collection of these dues, though increasing over the years, has been only about one fourth of the amount due.²⁵ This shortfall has seriously hampered committees in employing personnel to carry out their functions, particularly with respect to the establishment of offices and the maintenance of proper records.

Areas of Progress

Cultivation committees have made valuable contributions in several ways. Their foremost concern has been in the promotion of irrigation facilities. They have undertaken the construction of minor irrigation schemes both as contracts and as "self-help" schemes assisted by a 50 per cent government subsidy. Besides this they have secured the maintenance of irrigation under the Irrigation Ordinance as well as performed the regulatory functions entrusted to them under this Ordinance.²⁶ They have also helped to improve cultivation practices by popularising fertiliser use or

sponsoring weeding and transplanting in their paddy tracts. Some committees have used their funds further to subsidise fertiliser obtained by their members under existing fertiliser subsidy schemes, and for the purchase of sprayers and dusters. In some instances the committees, by acting as collection agencies for the *ande* rent, have facilitated the enforcement of the rental provisions under the act.²⁷

But the committees have on the whole played only a modest role compared with the role expected of them in the act. Most of the progress has been in areas of activity—such as irrigation—where there was already a tradition of community effort. Had the legislation envisaged a more gradual process of achieving its aims and made provision for supervision and help to be given to the committees in establishing themselves firmly at the outset a greater confidence could have been engendered and this would have later produced more substantial results. A further factor hampering the growth of these committees is the existence of a multitude of other institutions which perform functions such as credit disbursement, fertiliser distribution and marketing. In the performance of these functions cultivation committees are often by-passed. This is in part owing to the fact that cultivation committees have themselves not come up to expectations.

Credit Requirements

An important factor influencing the effectiveness of land reform measures is the extent to which ancillary services, and in particular credit, are provided by institutional sources which are not controlled or influenced by landlords. The provision of credit in adequate volume at the correct time and at reasonable rates of interest is inextricably connected with tenurial reform, as without such provision the peasantry is unable to command the physical means of achieving higher productivity levels.

The distribution of credit by sources in 1957, just before the act, indicates a very limited dependence on institutional sources (Table 4). The heavy dependence on personal sources of credit and on moneylenders and landlords is significant. Apart from the high interest charge the borrower may be called upon to pay, creditors often insist on conditions bearing on the cultivation and disposal of the crop. On the other hand, these sources may require little or no collateral security and they adjust repayments to times convenient to the cultivator. Further, such loans may not be restricted to production, but often extend to personal consumption requirements. Therefore on the one hand the cultivator is subjected to high rates of interest which are not conducive to undertaking investments in material inputs, and on the other, in a context of limited institutional credit resources, such

personal sources provide his basic credit requirements conveniently and flexibly.

Under the circumstances, in fact, the Paddy Lands Act may have aggravated the conditions of many tenants. Since landlords and their associates were an important source of credit, tenants who took advantage of the rental and security controls found their capital supplies withdrawn. A tenant cultivator who insisted on the tenancy rights conferred by the act needed to be independent of the landlord for capital resources; otherwise the landlord, deprived of his higher rent, could use his control of capital resources as a means of exacting the previous rent. The results of a survey on credit sources in 1961/62 show a conspicuous absence of landlords, unlike the situation in 1957 (Table 4). This supports the argument advanced here.

While cooperatives accounted for a larger proportion of credit in 1961/62 than in 1957, yet non-institutional sources still provided about two-thirds of the total credit needs. In July, 1963, a new scheme of credit increased substantially the supply of institutional credit.²⁹

The Paddy Lands Act addressed itself to this problem by prescribing maximum rates of interest on cash loans as well as on loans of seed and buffaloes, tractors and other agricultural implements.²⁹ In a context of an inadequate supply of credit from institutional sources such provisions to control rates were either ineffective or dried up sources which serviced at the higher rates.

The Act's Shortcomings

Judged by their effectiveness in altering the basic tenure conditions surrounding paddy cultivation, the Paddy Lands Act of 1958 and its supporting amendments have had very limited success. Inadequacies of the legislation itself, difficulties in implementation, and the lack of sufficient coordination with other facets of agrarian reform and of a more realistic approach to the basic problems, significantly limited their impact. The legislation, by its failure to recognise adequately the strength of the interests it affected adversely, prevented successful implementation. The large number of evictions and the dilatory action for redress possibly accentuated the insecurity of tenure that the act was designed to lessen.

While provision for the organisation of peasant agriculture at the local level through cultivation committees was fundamentally a sound proposition, less optimism and more practical help towards their organisation in the initial stages might have had a greater impact in the long run.

The absence of simultaneous provisions for satisfactory credit placed tenants in a position where they either had to accept earlier rental provisions and continue to receive capital requisites, or be deprived of adequate capital resources. The lack of specific measures for the consolidation of fragmented holdings was a significant limitation in the scope of the legislation. Even in terms of preventing further fragmentation, it confined itself to tenant-operated units.

Interaction of the several deficiencies has had a cumulative impact in depriving the peasantry of expected gain and in dampening the revivalisation of spirit essential for establishing a dynamic climate in peasant agriculture. Yet a hopeful sign is the increased involvement of cultivation committees in improving cultivation practices.

A significant contribution of the Paddy Lands Act to future reform measures is that it has stripped the feudal landlord-tenant relationship of its legality, thereby reincarnating the landlord in a somewhat defensive role if he continues to accept the former share arrangements. This is likely to contribute to a greater aggressiveness on the part of tenants in a new phase of reform, while landlords may come to accept more readily a scheme whereby they forgo their rights to land for moderate compensation. It is important to conceive of tenure reform as a continuing process geared to emerging conditions, rather than a once-and-for-all change in the institutional structure of landholding relationships.

**A More
Far-Reaching
Proposal**

Tenurial reforms have so far envisaged the landlord's role essentially as a passive one, the mere contributing of land resource in return for a regulated rent. However, the *status de facto* has probably been more substantial than the *status de jure* for a significant segment of landlords. The recent increases in institutional credit may now be relegating landlords closer to the *de jure* status of being little more than the land provider.

Restriction of the landlord's role may well be justifiable and even essential in an environment of exploitative landlordism. Yet the ground for the continuance of landlordism in such a passive role seems to be weak; in such a position the landlords are at best non-functionaries, at worst instruments negating instituted reform. This points strongly a new direction in tenurial reform—the converting of existing tenancy to owner-cultivation through the medium of public purchase and re-transfer of landlord holdings. Tenant-operated paddy lands could be purchased on the basis of values representing a capitalisation of present

regulated rentals and resold to tenants on repayment terms related to rentals. The immediate difficulties suggested by the scheme reside in the compensation bill to be met by public financing and the incapacity of the tenants to make payment immediately. These could be met, with advantage to both general economic development and the improvement of paddy cultivation, by making compensation to landlords payable in the form of shares in some of the state-sponsored industrial corporations, thereby eliminating the necessity of direct cash financing. To make financing of such transfers even less burdensome, it could be phased geographically and over time.

This scheme has two great merits. It would expedite the development of commercially and industrially oriented thinking by transforming the present land-oriented feudal landlord class into an industrial entrepreneurial one. The reorientation could be useful not merely to initial capital accumulation but also in subsequent stages when even small savings could be channelled into industrial investment.

Greater capital accumulation would also be encouraged on the part of the peasants—the new landowners. By requiring them to make payments towards the purchase of the land higher than the stipulated share rent, they would be induced to make greater savings than formerly and thereby to increase the rate of capital formation. Unlike the share rental, the purchase repayment would be operating towards procuring land ownership and would hold a strong incentive to make payments. The basic desire for the kind of security afforded by ownership and deep attachment to land are likely to furnish a sound basis for exceptional sacrifice towards capital accumulation. In the peasant context, where the alternatives between a higher consumption level and additional capital investment, and between more leisure or enhancement of the capital stock, are direct, such a measure would tend to maximise the accumulation of capital by diverting surpluses above subsistence requirements and by additional effort applied to capital improvements in land and agricultural stock. This is particularly valuable as the increases in income expected from higher productivity consequent on improvements in tenure and techniques of cultivation could otherwise be easily dissipated in conspicuous consumption.

Footnotes

1 *Department of Census and Statistics, Census of Agriculture 1962, Vol. 1, Colombo, 1965, p. 42.*

2 *See University of Ceylon, The Disintegrating Village—Report of a Socio-Economic Survey, Part 1, Colombo, 1957, pp. 23–24.*

- 3 Census of Agriculture 1962, *op. cit.*, Vol. III, p. 23.
- 4 Paddy Lands Act No. 1 of 1958. *For a fuller statement of its objectives, see its preamble. The amendments are: Paddy Lands (Amendment) Acts No. 30 of 1958; No. 61 of 1961; No. 11 of 1964. The Paddy Lands (Special Provisions) Act No. 2 of 1970 relates to nindagams—lands granted for offices held. This aspect is not discussed in this article.*
- 5 Paddy Lands Act 1958, Section 22(2).
- 6 *Ibid.*, Section 22(3).
- 7 *Ibid.*, Section 22(4).
- 8 *Ibid.*, Section 22(6).
- 9 *Ibid.*, Section 22(7).
- 10 *Ibid.*, Section 22(8).
- 11 *Ibid.*, Section 22(9).
- 12 Administration Report of the Commissioner of Agrarian Services for 1962–63, Colombo, 1964, p. kk72.
- 13 Administration Report of the Commissioner of Agrarian Services for 1967–68, Colombo, 1970, p. kk67. *See footnote 18.*
- 14 Paddy Lands Act 1958, Section 5.
- 15 *Ibid.*, Section 18.
- 16 *Ibid.*, Section 14.
- 17 Administration Reports of the Commissioner of Agrarian Services 1963–64 and 1967–68.
- 18 *Of 35,465 complaints of evictions received between 1958 and 1968, 30,746 had been acted upon and disposed of. Of the total number of restorations, 2,666 had been by orders while 3,425 were amicably settled by restoring tenants. It is significant that as many as 4,751 complaints were withdrawn "as petitioners have lost interest". The number of complaints of evictions dismissed as unjustified amounted to 11,840. A further 8,064 were in different stages of implementation.* Administration Report of the Commissioner of Agrarian Services for 1967–68, p. kk67.

19 Administration Report of the Commissioner of Agrarian Services for 1962-63, p. kk73.

20 Paddy Lands Act 1958, Section 36(I)(g).

21 See Report of the Land Commission, *Sessional Paper X of 1958, Colombo, 1958, especially memorandum of dissent by B. H. Farmer, pp. 175-179.*

22 Arulpragasam, L. C., "A Consideration of the Problems Arising from the Size and Sub-Division of Paddy Holdings in Ceylon, and the Principles and Provisions of the Paddy Lands Act Pertaining to Them", *Ceylon Journal of Historical and Social Studies, Vol. 4, No. 1, January-June, 1961, p. 70.*

23 Paddy Lands Act 1958, Section 36.

24 Administration Report of the Commissioner of Agrarian Services for 1961-62, p. kk58.

25 Administration Reports of the Commissioner of Agrarian Services from 1958-59 to 1967-68.

26 *ibid.*

27 *ibid.*

28 For a fuller discussion of credit policies see W. M. Tilakaratna, *Agricultural Credit in a Developing Economy—Ceylon, Central Bank of Ceylon, 1963, and Nimal Sanderatne, "Agricultural Credit: Ceylon's Experience", South Asian Review, Vol. 3, No. 3, April, 1970, pp. 215-225.*

29 Paddy Lands Act 1958, Section 52.

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