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# MAHAWELI ENTERPRISE DEVELOPMENT

## MED/EIED PROJECT

(USAID/Sri Lanka Project No. 383 - 0090)  
(Contract No. C-00-0031-00)

### REPORT ON THE COMMERCIAL FARMS IN THE MAHAWELI SYSTEM B

by

**Jayantha Jayewardene**

March, 1992

Report 5/1992



INTERNATIONAL SCIENCE AND TECHNOLOGY INSTITUTE, INC.

WITH :

ERNST & YOUNG CONSULTANTS (Sri Lanka)  
DEVELOPMENT ALTERNATIVES, INC.  
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CONSULTANTS TO THE MAHAWELI AUTHORITY OF SRI LANKA

## The Mahaweli Enterprise Development Project

The Government of Sri Lanka and the international donor community have given high priority to the development of the natural and human resources of the Mahaweli river basin. The first phase of this development, the construction of dams, irrigation and power systems, roads and other physical infrastructure, is largely complete. The second phase, settling the land and forming an agricultural production base, is well under way. The third phase, the major challenge for the 1990's, is the building of a diverse and dynamic economy, improving employment and income prospects for Mahaweli settlers and their families. In this phase the private sector has a leading role to play.

The Mahaweli Enterprise Development Project (MED) is a USAID-supported initiative of the Mahaweli Authority of Sri Lanka to promote investment and business development in agribusiness, manufacturing, tourism, minerals and services. MED directly assists small, medium and large-scale investors with technical assistance, marketing support, training, business advisory services and credit. MED also provides policy assistance to improve access to resources, such as land, water and capital, and the legal and institutional framework for enterprise development.

The official MED implementing agency is the Employment, Investment and Enterprise Development Division of the Mahaweli Authority. The main MED technical consultancy is provided by a consortium led by the International Science and Technology Institute, Inc., a private consulting firm with head offices in Washington DC. Other firms in the consortium are Agroskills, Development Alternatives, Ernst and Young, High Value Horticulture and Sparks Commodities. Marketing services are provided by SRD Research and Development Group, Inc.

## **PREFACE**

This report has been prepared by Mr Jayantha Jayewardene,  
Deputy Chief of Party of MED.

# MAHAWELI ENTERPRISE DEVELOPMENT PROJECT

## SECOND REPORT ON COMMERCIAL FARMS IN MAHAWELI SYSTEM B

The initial MED report on commercial farms in Mahaweli System B was produced in August 1991. This is a follow up document that further records the progress of the commercial farms that have been set up in System B and System C of Mahaweli. It contains the reports of MED Consultants who visit the farms regularly and the MASL evaluation panels who visit every six months to assess the progress made by the farms and to make suggestions for the future. The panels are also expected to recommend cancellation of the permit of the farms that have not made sufficient progress during the period under review.

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Additional reports are available upon request of the following MED agribusiness consultants who have carried out short-term assignments in the Mahaweli.

- |   |   |  |
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| <b>Del Wisdom)<br/>Walt Nueberg)</b>                        | - | <b>Silverskin onion production with Hayleys</b>  |
| <b>Ed Hurlston )<br/>S.R. Daines )</b>                      | - | <b>Banana production and marketing with Aitken<br/>Spence</b>  |
| <b>D. De Santis</b>   | - | <b>Agribusiness financing</b>  |
| <b>Tom Davies</b>   | - | <b>Development of essential oils with Richard Pieris, Forbes<br/>&amp; Walker, Hayleys, Informatics and Mahaweli Farms</b> |
| <b>Wolfgang Pach</b>  | - | <b>Brining, fermentation and packaging of gherkins with<br/>Forbes &amp; Walker</b>  |
| <b>Thomas Hart</b>  | - | <b>MASL farms for development by private sector as<br/>commercial farms</b>  |
| <b>Denzil Phillips</b>                                      | - | <b>Medicinal and herbal crops, products and markets</b>  |
| <b>Michael Smedley)<br/>Ben Hatfield )<br/>W. Somchit )</b> | - | <b>Integrated fruit development with John<br/>Keells</b>   |
| <b>Peter Florance</b>                                       | - | <b>Processing tomato trials</b>  |
| <b>Fred Henry</b>   | - | <b>Cold chain requirements</b>   |

# MAHAWELI ENTERPRISE DEVELOPMENT PROJECT

## REPORT ON VISIT TO MAHAWELI COMMERCIAL FARMS

Dr U Pethiyagoda, Earl Guise & Jayantha Jayewardene visited all the commercial farms in System B and two commercial farms in System C during the period 9th - 11th October 1991.

### REPORTS ON COMMERCIAL FARMS

Detailed reports were made on each of the farms visited. These reports, that contain our observations, problems faced by the farmer and our recommendations are annexed. These annexures are individually numbered by farm. Annexed also is a letter we propose sending to each of the commercial farmers together with a copy of the report on their farm. (Annexure A).

### PROBLEMS & ISSUES

The following problems/issues came through from our visits to the commercial farms in System B. It is hoped that the EIED and the MASL will take note of these problems and take the necessary decisions and actions to ease the problems faced by the commercial farmers.

#### 1. Drainage

A number of farms like Jayaratne, Lankage, Wijesekere, A.I. Earth Movers etc. have problems of drainage. This is often because the main drainage channels outside their farms have not been cleaned out. As a result there is heavy water logging in the lower areas of these farms - serious during the wet season. The commercial farmer is expected to drain out his land but not clean the major drainage lines outside. The MASL needs to take serious note of this problem.

#### 2. Leases

Three commercial farmers whom we met said that they had negotiated loans with banks (Sampath, NDB) to finance their operations but the Banks had insisted on a long-term lease as collateral. The three commercial farms are A.I Earth Movers, Sapukotuna & Jayaratne. The issue of long-term leases is another Mahaweli responsibility that has to be addressed.

3. Labour/Mechanisation

Almost all the commercial farmers except a few, like Jayasekera, depend for their farm labour from amongst the Mahaweli settlers & their children. However, this labour force dwindles when their own peak labour requirements have to be met during the two cultivation seasons. This leaves the commercial farms without sufficient labour at crucial times. Jayasekera has brought in labour from outside and has accommodated them, so that they are solely dependent on his farm for their income. With the consolidation of the settlers fields and cultivations and their dependance growing up, the labour available to commercial farmers may increase somewhat. This however, will take time and the commercial farmer cannot wait. Though the supply of labour is not a direct Mahaweli responsibility, the Mahaweli should address its mind to this problem. One solution is to offer either accommodation or small parcels of land for outsiders to come into System B purely as labourers. The long-term repercussions of this however have to be looked at. Another solution is to introduce mechanised agriculture as a gradual process. This too needs planning.

4. Elephants

The problem of elephants damaging crops continues. In fact we saw the damage that four elephants had caused at the Denwonel farm the previous night. We are aware that this problem has been brought to the attention of the Department of Wildlife many times but they do not seem to have a solution. We suggest that MARD be allowed, as proposed earlier, to use the services of an elephant expert to look at this problem primarily from a Mahaweli point of view and offer solutions.

5. Lease rents

It is reported that the majority of the Commercial farmers have not paid their lease rent. The collection of these rents is the responsibility of the Mahaweli Economic Agency (MEA). This does not seem to be an important activity of the MEA. The EIED should get together with the MEA and write a strong letter to those commercial farmers, who have not paid their lease rents, to make their annual payment immediately or face the cancellation of their leases. The payment of lease rents should be the responsibility of a designated person who should report to Director EIED and other key personnel regularly.

6. Co-ordination

A certain degree of coordination has been now established between the different organisations working on the commercial farms. The MASL should continue to coordinate the work of these organisations ie EIED, MEA, MED and MARD, to ensure the continued improvement in the performances of the commercial farms in the Mahaweli projects, especially in System B. It is important that there is coordination amongst these organisations, especially at the field level services. The foregoing issue of lease rent collection is a case in point. These organisations do get together when an Evaluation Panel is formed. We feel that in addition regular meetings and regular visits to the farms by representatives of all these organisations are necessary to provide coordinated assistance to commercial farms. It must be borne in mind that we are trying to attract commercial investment in the Mahaweli areas and that there is no great clamour to invest in Mahaweli. Therefore our services must be of a high order to ensure the success of at least some of the commercial farmers, so that other investors too would be attracted to Mahaweli.

The agribusiness coordination meetings instituted in December 1990, by the Director Land should be continued on a regular basis. At these meeting, field visits to assist the commercial farmers too could be organised.

In his report following the Evaluation Panel's visits to the commercial farms in July 91, Jayantha Jayewardene has suggested a course of coordinated action that could be taken at field level to assist commercial farmers.

7. Marketing

With the increased production that is expected from the Commercial farms in System B, the present marketing arrangements need to be looked at. Under the MARD project a cold chain for the transport of fresh produce from the field to the customer is being set up. The MASL should bring the EIED, MED, MARD and TESS, the organisation doing the cold chain, together to discuss the future production and marketing of fresh fruit and vegetables from the System B Commercial Farms.

## **DISCUSSION ON COMMERCIAL FARM EXPERIENCES**

### **Introduction**

- 1) Historically, the development of irrigation schemes in Sri Lanka have been driven by two major objectives.
  - a. Self sufficiency in rice, and
  - b. Settlement to relieve population pressures.

The Mahaweli Project has been no exception. The expected results were to bring in an extra 350,000 acres into rice production and to settle some 900,000 families. Events have stimulated a re evaluation of the validity of the rice self sufficiency objective, and an appreciation that a predominant rice-based agriculture was unlikely to result in any spectacular improvement in the living standards of settlers. A secondary problem was the unavailability of irrigable lands to absorb the emerging second - generation settlers.

- 2) It was also apparent that the irrigation infrastructure developed had left very large extent of land above command, which required the introduction of crops other than rice. Further, some of the below command lands carried soil types which would be wasted if cultivated in paddy as they had greater potential for supporting high value crops with export possibilities.
- 3) This warranted the need to seek a departure from the policy of exclusive settlement of peasant families based on a pre-occupation with rice and to whom the relevance of upland crop cultivation was restricted to their utilization of upland allotments at 1/2 acre per settler family.
- 4) The poor economics of rice cultivation and the several considerations that demanded a more economic utilization of irrigable uplands led to the next phase.
- 5) This necessitated a change in Government policy and an acceptance that the upland irrigable lands, by virtue of their soil and other characteristics were amenable to better utilization.
- 6) Proposals, mainly promoted by EIED of MASL, led to an acceptance by the State that a limited extent of Mahaweli land be earmarked for use in the promotion of commercial agriculture by small and medium scale entrepreneurs. As an experiment an extent of some 2500 hectares designated as "irrigable uplands" in System B, were to be allocated to entrepreneurs willing and able to invest in commercial agricultural projects.

- 7) The considerations which led to the acceptance of such a policy on a limited scale were based on the belief:-
- a) that such entrepreneurs were likely to introduce capital intensive and productive projects.
  - b) that this would lead to the introduction of crops with export potential.
  - c) that more sophisticated technologies would be introduced to Mahaweli systems.
  - d) that better marketing arrangements would develop.
  - e) that the farms would serve as effective models for emulation by farmer settlers.
  - f) that the farms would generate extra employment especially for "second generation" descendants of farmer - settlers.
- 8) The allocations of land in System B (Zones 1 and ) were to be in extents ranging from 5 - 50 acres ( 2 - 20 hectares) and subject to a rigorous process of evaluation which examined such matters as seriousness of intent, goodness of agronomic designs, effectiveness of marketing arrangements, capacity for financial management, managerial arrangements, labour utilization potential and possible spin off in employment generation and catalytic and demonstration effects.
- 9) Experiences to-date: Some 32 applicants have been allocated lands in total extent 490 hectares during the period 1985 - 1991, since the scheme came into operation. With the exception of a single applicant who received a lease, all others have only been granted annual renewable permits. The eventual objective was to grant transferable leases to successful applicants for variable periods up to 30 years, depending on the nature of the project and crops to be grown. The performance during the first year or two were to be subject to close monitoring by MASL (through EIED) and those who failed to display seriousness of intent or ability to perform were to be canceled with reversion of the land to MASL without compensation for any expenses incurred.
- 10) Reviews carried out from time to time by MASL and other authorised agencies, have established that with the exception of a very few farms, the expectations from the scheme have not been realised. Several underlying causes - of a general and specific nature - have been identified.

- 11) Many possible reasons for failure have been suggested but often such diagnoses are based on insufficient evidence and lacking in an adequate appreciation of the realities that confront prospective investors. They seem very often to also revolve around doubts regarding the intentions and credentials of the entrepreneurs.
- 12) The undersigned carried out this inspection in order to seek a better understanding of the ground situation and to attempt an identification of constraints of 26 farms established and presently functioning in System B, by private entrepreneurs.
- 13) The visiting team were appreciative of the need to make the irrigable upland scheme a success in view of its possible large impact on future land development policies. They also attempted to be as open minded as possible and approached their task from the standpoint of a sympathetic appreciation of the difficult challenges that confronted a commercial farmer in the Mahaweli. Unless proved to the contrary, they were inclined to assume that prospective entrepreneurs were genuine in their activities and failures should be approached in a spirit of addressing problems and seeking solutions rather than in criticism or apportioning blame.
- 14) The objectives that the MASL expected to achieve through this scheme have been detailed earlier (para 7). The single objective expected of an entrepreneur is the desire to obtain the most remunerative return on his investment and effort. It is apparent that the failure to reach these objectives are due to:
  - a) an inadequate appreciation of the complexities of commercial farming, by both investor and MASL.
  - b) insufficiency of data and experience on such matters as land development costs, infrastructure cost, land use planning, crops and their performance, problems of drainage, pests and diseases and problems of harvesting, handling and marketing produce.
  - c) labour problems and poor support for judicious mechanisation.
  - d) financial and cash flow problems.
  - e) unsuitable selections.
  - f) absentee ownership.
  - g) no farm/business plans.

- 15) While the onus for carefully examining and judging the above factors in an investment plan quite firmly (and correctly) rests with the prospective investor, it would be appropriate for MASL to re-examine and suitably amend its own procedures for screening. Effective evaluation would entail MASL developing appropriate procedures for improving its capacity to realistically appraise investment plans. The need to acquire first hand information through the establishment of adaptive and demonstration trials on the commercial farms is quite apparent.
- 16) More effective arrangements to address and assist in the solution of on farm operational needs is another.
- 17) Institutional means such as the award of lease documents adequate to support extension of credit from financial institutions. This would also enable access to state supports which are available for certain minor export crops.
- 18) Possible different scenarios: The three major players in the commercial farms project are the investor, financing institutions and the Mahaweli Authority. They should relate to one another in such manner as to optimise performance.
- 19) The stakes that each party have in the projects are:  
  
The investor - his resources invested  
Financier - the security of his outlay.  
Mahaweli - the best use of its land.
- 20) Successful farming in the Mahaweli presents its own special challenges. Land preparation and crop production have their own technical problems - some of which are surfacing for the first time when a stable upland system is sought to be developed. Irrigation layout and water management are primarily designed for paddy farming. Heavy financial investment is an imperative while long gestation periods in securing a return on invested capital are likely. The extension and other services are designed with the paddy farmer settlers in mind with limited catering to "other field crops" in Yala. Therefore, year round irrigated farming, often utilising potential crops intended for export markets as fresh or processed products, demands changes of support services and operational practices. This has not yet occurred.
- 21) We could examine a few of the potential scenarios and their implications. Below are a few hypothetical situations:

(i) The speculator with no intention of farming

It has sometimes been declared that some of the applicants are more interested in securing possession of lands with no intention other than to exploit the timber/firewood on their lands for rapid financial gain. This contention needs to be examined, as it seems equally logical to believe that felling of jungle and preparation of the wood for sale are themselves expensive operations and margins realisable may well be meager and unattractive. This view is supported to a certain extent by our observation that firewood stacked up, in two or three farms during the visit of the Evaluation Panel in July was still in the field during our present visit. Viewed from a Mahaweli perspective, does it seem wrong that utilising such a resource should be welcomed? Also, if malicious intent is substantiated, divesting such land by cancellation provides MASL with land cleared at no cost to itself and available for fresh allocation (perhaps at an enhanced lease value). What is important is to ensure that there are no incursions into unallocated lands. This can be effectively ensured by vigilance by staff in the System.

A speedy cancellation of leases of speculators with malicious intent is clearly the remedy.

ii) The genuine investor whose resources run out on him.

This is the problem group and probably constitutes the majority. Persons who exhaust their own resources through over optimistic expectations of returns fall into this category. They are more deserving of help than blame. Costs and returns are so location and circumstance specific that available figures are no better than broad indicators. Cost over-runs and shortfalls in revenue are very common features and are frequently due to circumstances beyond the investors control (unexpected soil or drainage problems, climatic failures, damage from wild animals, pest and disease problems not anticipated and general or seasonal shortages of labour are some). Certain institutional lapses (eg delays in documentation, financing, timely input availability) and management factors (eg non-availability of irrigation water at critical times) can cause unforeseen problems.

MASL is often blamed for not issuing leases in a form acceptable as security for bank financing. This may well be true. However, were leases to be issued, would the banks be legally entitled to possession and disposal of the properties pledged by loan defaulters? Would it be contrary to Mahaweli interests to permit banks to freely dispose of such forfeited properties? Would it matter if interested

purchasers procure such land parcels and put them to some productive use with greater certainty and commitment?

There must be easy exit of farms/investors that fail allowing the resources to be used by others. The Mahaweli should look at ways to compensate investors who are leaving, for the land levelling, irrigation systems, drainages opened, buildings etc.

iii) The fortunate investor who makes a success

This is the most desirable category. The responsibility of MASL should be to make adequate provision for such successful farmers to expand their activities. Canceled allotments and unallocated parcels would offer prospects for expansion.

MASL should positively nurture and help such successful farmers regardless of any subsidiary considerations.

With a few established successes, the banks would also be more forthcoming with assistance. This is the happy situation that investors, MASL and the banks should collectively strive to bring about.

22) Suggested Actions

In summary, to provide the best chances for success for farm development on the irrigable uplands in System B, the following actions are desirable:

- 1) The Government should modify its evaluation procedures following the feed back that the present procedures are inadequate. The comparison of the actual achievement with the expectations laid down in the original project proposals have led to these conclusions.
- 2) Bottlenecks experienced by commercial farmers are in seed and crop supplies, agronomic failures resulting from such factors as improper drainage, irrigation water supply deficiencies. It is now necessary to facilitate the investor's resolution of these issues.
- 3) To continue with the guidance, direction and services such as those presently supplied through MED consultant Mr E. Guise, it is necessary to have relevant information and data available freely. Ideally, this should be by ensuring continuity through assigned counterparts on the farms and reinforced by "hands on" experience in demonstration or adaptive trial set up on the various commercial farms.

- 5) A sensible degree of mechanisation is clearly warranted in allotments of this size. It would be wasteful of resources to require a replication of equipment by each investor. Some means of establishing a centralized pool of equipment that could be hired, should be a practical alternative and a very valuable support. In this respect we must be mindful of the fact that historically no "mechanised unit" run by the state has either been run at a profit or achieved its objective fully.
- 6) MASL should establish and maintain a dialogue with Commercial Banks at the highest level, with an evaluation of all the legal implications of farmer financing and to regularly monitor ongoing progress. This will ensure rapid corrective action when things go wrong and equally, enhanced support when they go right.
- 7) MASL should seek firm and implementable commitments by the Wild Life Authorities as means for eliminating or minimising destruction on farms by wild animals. In this connection, it is apparent that retaining scattered blocks of unallocated jungle (ear marked for settlement and commercial farms) affords refuge for elephants, wild boar, deer, porcupines and other destructive animals which threaten the small allotments of settler farmers as well. This is currently a real problem.
- 8) There should be sustained arrangements to provide improved infrastructure as progress continues. Actions such as the proposal for a "cold chain" should be closely monitored for indications of further ways to effectively introduce other innovations as well.
- 9) Expediting the issue of leases should be pursued with vigor. The relative merits of evolving a system where maximum flexibility is exercised at time of commencement with due recognition of the value of innovation and enterprise, coupled with the most rigorous and uncompromising elimination of non-serious speculators after a reasonable period for the implementation of cultivation plans, should be carefully considered.

Over regulation and meddlesome bureaucratic requirements can well discourage good prospective investors from ever starting out.

- 10) The interests of the three principal players - investors, banks and MASL should be constantly kept in view. When a harmonized and co-operative system develops, it will be to the mutual benefit of all.

October 1991

- Mr Earl Guise - MLE Consultant, MED Project
- Dr U Pethiyagoda - Consultant/Agronomist, EIED.
- Mr Jayantha Jayewardene - Deputy Chief of Party, MED Project

(This report includes the observations of the team on each of the farms. These reports are not included here)

October 1991

(Letter written to all commercial farmers)

28 October, 1991

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Dear Sir,

We enclose herewith a report on your farm in System B consequent to a visit by the undersigned together with Mr L Jayasinghe, Deputy Manager, EIED System B & Mr Titus Perera Field Business Consultant, MFD Project, System B.

We were pleased to note that there was a distinct improvement in most of the farms between this visit and that of the Evaluation Panel in July 1991.

We would like to urge that the relevant recommendations made be carried out by you. On our part we will push for the activities required on the part of the Mahaweeii Authority of Sri Lanka.

We would like to take this opportunity to advise you that both Messrs Jayasinghe and Perera are available to assist you if you need their services. They can be contacted through the MED business centre at Welikanda.

As you may be aware Mr Earl Guise, an experienced Agricultural Advisor, has also been posted on a long term basis to assist Commercial farmers in System B. For the moment he can be contacted through Messrs. Jayasinghe and Perera. It would be advantageous for you to make the best use of his services.

If you have any problems concerning the operation of your farm please contact the undersigned who will try to assist you.

We intend making another visit to your farm perhaps in the early part of December.

Yours faithfully,

Jayantha Jayewardene

Dr U.Pethiyagoda

Earl Guise

## **MAHAWELI ENTERPRISE DEVELOPMENT PROJECT**

### **REPORT ON VISIT TO COMMERCIAL FARMS - 18TH NOVEMBER 1991**

Dr. Jim Finucane, Earl Guise and Jayantha Jayewardene visited eight (8) commercial farms in System B and one (1) in System C on the 18th instant. The individual reports on each of the farms are attached.

The group noted with appreciation that a number of farms had shown improvement and that most commercial farmers were following the advice of Mr. Earl Guise, within their capabilities. The major constraints seemed to be cash flow and labour. On two farms we noticed that trial plots of maize had all been eaten up by Deer. On another farm a large extent planted in banana had been destroyed by elephants. Damage by animals is another urgent problem that has to be addressed as farmers could lose their whole plantation in one night.

It was decided that Mr. Earl Guise would put together a detailed report of all the drainage problems that the commercial farmers face and which the Mahaweli Authority needs to address and solve. This report will be circulated and will be taken up with the Resident Project Manager and Deputy Resident Project Manager - Water Management, System B with a view to getting early action to solve these problems faced by particular commercial farmers.

A format to collect labour employment and outgrower data from the commercial farms throughout the year, has been drawn up and sent to FBC - Titus Perera who will collect the details from the farms records on visits to the farms. Details of the projected labour shortages will also be collected. A copy of this format is attached (Attachment A).

(This report includes the observations on each of the farms made by the team. These reports are not included here).

Dr. Jim Finucane

Earl Guise

Jayantha Jayewardene



## **MAHAWELI ENTERPRISE DEVELOPMENT PROJECT**

### **REPORT ON THE EVALUATION OF THE COMMERCIAL FARMS IN SYSTEM B**

The second annual evaluation of the commercial farms in System B was conducted on the 23rd and 24th of January 1992. This evaluation was postponed from December 1991. The evaluation panel consisted of Indra Phillips (EIED) N.A.G. Hettiarachchi (MEA), Chula Welapilli (PMU), Max Goldenshon (MARD) and Jayantha Jayewardene (MED). The Panel was assisted by Messrs C. John, K.Satkunasingham and Nimal Wickreematne (MARD), Anton Fernando, J.A.S.Dayawansa and L. Jayasinghe (EIED), Indra Abeysekere (USAID), Earl Guise and Titus Perera (MED) and S.G.R.Chandratilleke (MEA).

The Panel visited each of the farms in operation and the final evaluation of all the farms was made at the MARD office on the 24th where other related staff from the different agencies attended. An extract of the comments of the panel have been added to the on going (continuous) reports maintained by me in respect of each farm.

Detailed below are some of the main issues that surfaced during the farm visits and which were discussed in detail on the 24th.

#### **Surveys**

It transpired that only one or two farms had done a proper contour survey, which is a pre cursor to laying out an irrigation system. The Panel noted that surveys will be beneficial to the farmers and will help them to identify the low lying areas that tend to get water logged thereby preventing successful cultivation.

The panel noted that in a number of instances paddy was being cultivated in areas that the farmer said were low lying. The panel decided that when the surveys are done all low lying areas be marked out and, with the permission of the MASL Board, the commercial farmers be allowed to cultivate paddy in these areas only.

The panel decided to assist all commercial farmers who had cleared their land by carrying out surveys under MARD/MED.

The panel also decided to activate an earlier decision to clear the jungle where necessary, do a contour survey and farm layout in 5 blocks as a pilot project. These lots can then be advertised at a higher rental. The panel felt that this may assist investors, who do not have the technical knowledge in farm plan preparation, to get off to an effective start.

### LEASE RENT

The panel noted that a number of commercial farmers had not paid their lease rents and some their premia. Mr. Phillips said that the EIED had already written to the defaulting farmers asking them to pay their lease rents by the 31st of January 1992 or face the cancellation of their permits. This matter will be taken up further on receipt of their replies.

A Table giving the present position with regard to the payment of lease rents is attached to this report -Annexure III.

### LONG TERM LEASES

During the visit of the panel to the farms there were a number of requests for long term leases. The farmers stated that they found it difficult to obtain bank loans to facilitate their cultivations without long term leases to their land. The EIED has recommended the issue of long term leases to eight commercial farms in System B namely Eriyagama (two blocks), Sunfrost, Dharmasena & Co., R.M.Jayaratne, D.S.Wijesekera, A.I.Earth Movers, S.Sapukotuna. The delay now is that the MEA are taking time to issue the leases. This matter will be followed up as a matter of urgency.

### MAHA CULTIVATION

It was pointed out that only a few commercial farms had done any cultivation during the Maha season. This meant that they were only using the lands given to them during the Yala season. This was under utilization of good agricultural land. It was also pointed out that there was no reason for the commercial farmers not to cultivate their lands during the Maha as this was the season during which the Mahaweli settlers did intensive cultivation on their homesteads. Maha cultivations could be carried out after the short spell during Maha when heavy rains are experienced. It was decided to write and inform the commercial farmers to cultivate their lands during the Maha season as well, utilising the services of Mr. Earl Guise to formulate their cultivation plans and programmes.

## EMPLOYMENT

It was pointed out that there were two major objectives in promoting commercial farming in the Mahaweli areas. One was to diversify Mahaweli agriculture and the other to generate employment opportunities for the second generation settlers. Settler incomes were also to be increased through the production and supply of crops to the nucleus farms. The panel found that mainly traditional crops were being cultivated in the commercial farms and only in a few instances were the cultivation of new crops observed (grapes, gherkins, beetroot etc.). There were very few high value or labour intensive crops to be seen.

It was observed that only 140 labourers were employed in 360 hectares of land that had been cultivated. It was noticed that the commercial farms should have access to foreign markets, employ new technologies that could be passed on to settler farmers whilst cultivating crops for import substitution. MARD/MED/EIED/MEA should made a concerted effort to push new crops like silverskin onions, melons, tomato etc.

It was pointed out by one member of the panel that if this land had been given to settlers more than 400 employment opportunities would have been generated. The figure of 140 does not take in the outgrowers employed by some of the commercial farms.

## Cropping Patterns

It was pointed out that a number of investors had not kept to the cropping patterns they had proposed in their original application. After some discussion it was decided that the farmers should have the freedom to change to crops that show better promise in terms of easy cultivation, yields or marketing.

It was also pointed out that the future of the commercial farms was in the cultivation of perennial or tree crops and that the cultivation of short term crops, other than those of high value, should only be to generate a cash flow to keep the farms viable until the long term perennial crops come into bearing. It was also suggested that all future proposals that did not have provision for the cultivation of perennial crops, should not be accepted. This would also give the settler farmers in the vicinity an opportunity to grow the same tree crops on their homesteads and supply the nucleus commercial farms.

It was also suggested that a set of guidelines be given to investors to help develop their commercial farms when their proposals are accepted.

### Pack House

It was noted that a cold chain, pack house has now being constructed in System B. This would help to keep farm produce, both fruits and vegetables, in a fresh condition till they reach the market. Earl Guise and Martin West were requested to make every effort to encourage commercial farms to grow the maximum arrange in fruit and vegetable crops to keep the Pack house working at optimum levels and to increase the incomes of the farmers.

### Management

One aspect that seemed to run though most of the commercial farms, which the panel noted with concern, was the lack of good management talent. Most farms seemed to be staffed by personnel with an inadequate knowledge and experience in farm planning and management. This was a concern noted by the last evaluation panel as well. It was decided to have a series of training programs in the form of short courses, to help investors to improve the capability of their managers. As a start all commercial farms managers will be invited to a MARD training programme.

### MLE Advisory Service

The panel noted, with appreciation, that there was a distinct improvement in the performance of most of the commercial farms. The main reason for most of the improved performances could be attributed to the regular visits that MED/MLE Advisor Earl Guise pays to these farms and the help and assistance that he has given them to plan their crop programs and implement these plans. He also meets investors in commercial farms who are resident in Colombo.

The MED Advisory service to these farms, which consists of regular farm visits by the MED/MLE Advisor, by monthly visits by MED staff, general instructions sent out by letter, has been effective. One aspect of this service, apart from the personal visits of Earl Guise, is the general advice given to commercial farms.

A regular Newsletter of general interest to commercial farms is proposed.

General It was very heartening to note the steady progress that most commercial farms had made within the last six months. However it seems that the issue of long term leases will definitely help most of farmers to obtain loans and make even more rapid progress. It must be emphasised that better utilization of the land and the cultivation of high value crops is an absolute necessity which should be actively encouraged by the MED program.

The pack house cold chain will certainly help to stimulate production but MED/MARD will have to assist with the technology and inputs that are necessary.

The commercial farms should give leadership to the settler farming community. The potential of the commercial farms to employ labor from the settlements and their ability to purchase settler produce will be a valuable assistance to help raise farmer incomes and solve employment problems.

The Panel recommended the cancellation in respect of the following farms.

<u>Name of Farm</u>	<u>Lot No.</u>
D.L. Wijesekera	102/35
Udaya Kumar Galagoda	102/47
Agro Trade Agency	103/18
R.S.A.J. Perera	103/35
W. Wellapili	103/40
Agrolac (Pvt) Ltd	103/65
A.R.Imbuldeniya	105/110

(Annex A is an observation report on this visit, submitted by Mr C. Wellappili, Regional/Physical Planner, Planning & Monitoring Unit of the MASL, to his Director)

Planning & Monitoring Unit,  
February 06, 1992.

**OBSERVATION REPORT : BI-ANNUAL INSPECTION OF  
IRRIGABLE UPLAND COMMERCIAL FARMS IN SYSTEM B**

The inspection team comprising of officials from EIED, MEA, PMU, MARD & MED visited 28 commercial farms in System B on January 23, 1992 for the purpose of evaluating the progress they have made since the previous inspection. The progress of each farm was briefly reviewed at the meeting held on the following day at the MARD office.

This report attempts to highlight the key issues related to the overall objectives behind alienation of irrigable uplands to entrepreneurs for developing agro-business farms. Consequently, the report summarizes issues, such as, contribution of these farms to the project in the areas of agricultural diversification, transference of agricultural technical know-how, creation of more employment opportunities and establishment of marketing linkages for farmers as out growers.

The location of farms are given in the annexed map. The visited farms and their other details such as extent alienated, extent developed, MASL approved crops, crops actually cultivated, employment opportunities created and daily wages are given at annex A.

Progress on all farms were satisfactory since the last inspection in terms of land clearing and cultivating traditional crops, except five farms in which development works have not commenced. There is no doubt that the progress currently seen in the farms should be to a large measure attributed to be a result of effective interventions made by the EIED together with the various projects and programs launched by the MARD and MED.

**OBSERVATIONS**

It is observed that only 44% of the alienated land (about 164 ha out of a total of 374 ha) have been developed. Lack of funds and little attention to the farm are the main reasons. Those investors who had deployed sufficient funds have not properly invested it in their farms due to various reasons. It is clear that on the one hand, the farm projects had been set up for the exploiting the land as a tool for obtaining tax concessions, and on the other, used as a means of reducing income tax by showing losses on farm operations (as liabilities). This manipulation should not be allowed. The lower percentage of developed land extent indicates that the size of farms already alienated are far too large for many of the investors in relation to their financial resources to enable full development. Therefore, attention has to be focussed on how to reduce the size of farms which they could eventually manage as economically viable units. Without this size limitation I do not see how they could introduce new value added crops.

## FAILURE AN ORGANIZATION & METHOD

It is observed that all commercial farms do not have a long term overall plan for the project. Nor do they even have an annual implementation plan. There is no document giving details of crops that are to be cultivated in each year or season, targets, labour requirement or expected production. As a result of non availability of an annual work programme or target for the farm both project officials as well as monitoring officials are facing a problem of monitoring the progress. Mostly, they had to depend on the farm owners as to what they are going to cultivate in the next season. The answers also vary from time to time and from person to person. Investors therefore fail on demonstrating systems and methods, and therefore, also, are no better than farmers.

## CROPPING PRACTICES

It is noted that most of the farms are not cultivating the approved crops as per project proposals. They have deviated from their original plans and switch on to traditional subsistence agricultural crops such as chilli, brinjal, maize, etc. Two farms (A.I. Earthmovers & Jayaratne) partly cultivated paddy. The cultivation of paddy on irrigable uplands has to be taken serious note of by the MASL because it violates a cabinet memorandum. The only non-agricultural project under the irrigable upland, i.e., Prawn Farm & Hatchery, does not show any progress beyond construction of 4 ponds. It is understood that MARD/MED has introduced various crops and improved fruit trees using budding and grafting techniques but non of them have been grown in these commercial farms nor is there is a clear implementation programme to do so.

## EMPLOYMENT OBJECTIVE

It is noted that the employment objective of the programme is far below expectations. At the date of inspection the employed number was 207 in the 23 farms covering 374 ha of which only 44% was developed (164 ha.). (See Annex A ). This figure of 207 employed is also high because more workers have been employed during the inspection week to show the progress to the inspection team. However, when compared with 1991 employment data collected by the MED (See Annex B ) this shows an upward trend. According to the farm owners, employment opportunities are available for about 671 persons during the peak of the season. On this norm one hectare of irrigable upland commercial farm creates only 1.3 units of employment without adopting any special farm mechanization or any other form of capital intensive methods of cultivation. Under normal circumstances it was found that one hectare on a small paddy farm creates 2.5 units of employment. Even during the peak season, mostly for a one month period, it was able to provide 4 employment units. This may be due to the fact that traditional crops such as brinjal, banana and chilli do not require processing or any form of value added within the small farm or within the region. They are mainly for consumption purposes and therefore there is no possibility of creating additional employment opportunities within the existing system. Hence, it is judged that the entrepreneurs have failed in providing more employment opportunities and developing the outgrower marketing facility. The MARD/MED has a major role in intervening to change this position.

Introduction of new crops and fruits which has a market both domestic and export and potential for processing or packing within the region such as lemon, avocado, seed-less melon, etc in commercial farms should be given priority and this would help the investment in the cold chain facility.

Two farm owners (Denvonel & Jayaratne) reported that they can't develop their farms because of the labour shortage but at the same time I saw a notice in the farm (Fritze Pickels) saying that "No vacancies". The labour shortage is more often used as an excuse not to develop the farms any further. Further investigations of this situation revealed that most of settlers are not willing to work in the farms because of lower wages. The average wages in the farms for 8 hours work without meals or tea range from Rs.50/- to 75/- per male worker, and for female worker it ranges Rs.40/- to Rs.60/-. (See Annex A). This is about 60% of the regional average. The EIED or MARD/MED currently have no control over this issue because it is decided by the entrepreneurs. However, since a situation of non availability of alternate employment opportunities exists in the areas, especially in view of the fact that most of the construction works have already been completed, a situation of high exploitation of labour at lower wage rates have come into being in commercial farms. There is, thus, a wage determination in the farms not on the basis of relative scarcity of labour but on the basis of exploitation of a readily available supply through low wages for a small number of employment opportunities. This is contrary to what investors indicated in their project proposals.

In view of the above I would like to suggest the following.

#### **OVERALL PLAN & WORK PLAN OF THE FARM**

Prepare overall implementation plan for each farm, covering at least for the next 5 year period, in view of the proposed installation of the cold chain facility. Plans have to be prepared by the EIED in consultation with the relevant agencies and should be approved by a committee. Annual or seasonal work plans of farms have to be prepared within the frame work of the approved plan and made available to project officials.

## **FARM SIZE**

It is apparent that the lessees give false information to the MASL at appraisal on their financial strength. Most of the investors could not develop the given extent due to lack of funds. Reduction of the given extent will be a solution and the balance can be given to new investor. Or a reduced extent can be initially approved and additional extent can be provided later up to this full extent approved on the basis of demonstration of full use of the reduced extent. The extent already cultivated, proposed crops and the actually cultivated crops should be given consideration before letting the entire approved size of the farm to the investors.

## **NEW CROPS**

Introduce improved varieties of fruit trees and crops to the upland farms. The MARD/MED has recommended new crops and fruit trees under various projects but most of them were not implemented due to various reasons. Available technical know-how and foreign assistance under this project can be fully utilized to improve the existing situation of irrigable upland farms especially to promote diversification and value added processing.

## **MEASURE THE CULTIVATED EXTENT**

Actual cultivated extent in farms is not known and mostly depend on the information given by the owners. Sometimes the marketing programme has been planned in advance on the basis of production estimates which is also based on the estimated land extent that could be cultivated. This can be averted by measuring the cultivated extent frequently under various crops and updating at least once in two months using the simple land measuring method introduced by MARD.

**CHULA WELLAPPILI  
REGIONAL/PHYSICAL PLANNER  
PMU/MASL**

**COMMERCIAL FARMS IN SYSTEM B. HECTARES. DATE HANDED OVER**

<b>Name of Allottee</b>	<b>Lot. No.</b>	<b>Extent HA</b>	<b>Date Handed-over</b>
1. Prof. D.S.Wijeyesekera	101/04	16	09.06.88
2. B M P Jayasekera Farm	101/12	10	22.06.88
3. Eriyagama Farms	102/23,25,27	58.76	01.11.85
4. Kapila Enterprises	102/21	20	11.10.90
5. Sunfrost Farm	102/09	20	06.01.89
6. Jayaratne Farm	103/02	10	16.06.88
7. A.I. Earth Movers Farm	103/24	20	17.03.88
8. Amunugama Farm	103/38	16	04.07.88
9. W Wellapilli Farm	103/40	10	21.06.88
10. Denwonei Ltd	103/75	20.24	10.06.87
11. Fritzpickles	104/87,88	20	23.01.89
12. Dharmasena Company	104/58	20	01.11.89
13. S. Sapukotana	103/53	10	20/03/90
14. Agro Lac	103/65	40	01/11/90
15. H.R. Wijesooriya	103/42	08	01/09/88
16. Lankage	102/17	8	16/07/91
17. D.L. Wijesekera	101/35	10	04/05/90
18. E.R.B. Amarasekera	101/18	10	08/10/90
19. Udaya Galagoda	102/47	05	04.12.90
20. R.S.A.J. Perera	103/35	10	11.05.90
21. A.R. Imbuldeniya	105/110	12	15.01.90
22. M.J.T.A. Karunaratne	102/51	04.44	06.02.91
23. Agro Trade Agency	103/18	05	22.03.91
24. Kavikara	105/01	20	11/10/90
25. Ameen Enterprises	101/36	10	18/09/91
26. Dee Gee	103/58	10	22/07/91

COMMENTS OF MASL EVALUATION PANEL

Given below are the evaluations of each farm carried out by the panels that have visited these farms in May '90, December '90, July '91 and January 1992.

Most of those who started ventures in System B were smaller investors - only a few big companies showed interest in investing in the Mahaweli. In May 1990, just a short while before the commencement of the MED project, a team from MEA/EIED & MARD visited each of these farms and made an evaluation of the progress that the farms had made so far. A report on this visit has been made by Dr. Max Goldensohn, Chief of Party of the MARD project. Another evaluation was carried out with the additional participation of MED, in December 1990. A report on this evaluation has been made by Mr. Indra Phillips of the EIED. The problems encountered by the pioneering investors, as identified by the teams that conducted these two evaluations and the efforts made to ease these problems are contained in the two reports referred to above and have been freely quoted in this document.

1

Name of Allottee	Lot. No.	Extent HA	Started on
Prof. D.S. Wijeyesekera	101/04	16.00	9.6.88

**EVALUATION:**

May 1990	Although very badly managed, Professor Wijesekera is trying hard and investing in his land. He has several pumps and wells, a pond to store water, and his land is cleared, levelled, and prepared. EIED and MEA should meet with Professor Wijesekera as soon as possible to help him prepare a plan to exploit his land, generate outgrower relationships, and ensure proper agricultural and commercial management. This Yala is likely to be a failure at this farm because of the late start, but there is hope for the future. (Goldensohn)
Dec 1990	Has prepared land for planting. Intends to start in Jan.91. Progress is slow. Committee to prepare a development programme by end of Feb.91 with deadlines and agree same with allottee. (Phillips)
July 1991	Good progress has been made on this farm. The Investors nephew is resident on the property. Contour bunds have been put in, irrigation channels laid out and he has even lined part of the channel with polythene. There are 6000 lime plants in the nursery. He has 5 acres of brinjal & 5 acres of Ladies fingers. Has no problem with labour. Has destroyed 5000 papaw plants on the expectation that MARD will give him 'hawaiian solo' plants. This variety is in demand by the tourist hotels etc. The whole farm has a barbed wire fence round it. Wattle and daub house has been built on the land. (Jayewardene)
Jan 1992	This farm has made fair progress and seems to have benefitted from the regular visits from Earl Guise. The management staff on the farm is weak and should be improved. The drainage canals have still not been attended to by the farmer.(Jayewardene)

2

Name of Allottee	Lot. No.	Extent HA	Started on
B M P Jayasekera Farm	101/12	10.0	22.06.88

**EVALUATION:**

May 90 -	This farmer has done nothing to indicate that this will ever be a successful farm. EIED and MEA should give him a firm deadline to submit a plan for the infrastructural and agricultural development of the land ( by August 15) and then keep him to it. He must hire a full-time manager or take up residence himself. If the infrastructure is not completed in time for Maha and he fails to cultivate at least 50 percent of his area, he should be removed. (Goldensohn)
Dec 90	Has built a house on plot. Land cleared and planted one acre with cowpea. No progress. Recommend cancellation. (Phillips)
July 91 -	This farm has shown good progress. Since the last visit he has built a permanent (brick walls & tiled roof) house. Has planted over 7 acres in Egg plant ((brinjal) & Ladies finger (Bandakka) which he was harvesting at the time of visit. The Product was being transported every two days to Colombo for sale which brings him approximately Rs 3,500 each time. The investor intends cultivating Red and Big Onions as they are of a higher value. The Panel decided to ask the MARD/MED team to assist him with the expertise he needs. The investor requested a lease permit early to enable him to obtain credit. Has been able to obtain his labour requirement from the area. (Jayewardene)
Jan 1992	This farm continues to have crops throughout the year. The farmer owes a van in which he transports his produce to markets in Colombo. He has access to water year round as he has constructed a large pond at the end of the D Canal which terminates at the entrance to his farm. (Jayewardene)

3

Name of Allottee	Lot. No.	Extent HA	Started on
Eriyagama Farms	102/23,25,27	58.76	01.11.85

**EVALUATION:**

May 90 -	There is no reason for Mahaweli to consider terminating the Eriyagama lease, but somehow some energy should be infused into this farm. Mahaweli should insist on a plan for the development of the remaining hectarage, both infrastructure and agriculture, by the end of this Yala. By Yala 1991, Eriyagama should have all his land under cultivation of some kind, or steps should be taken to reduce the size of their holding. (Goldensohn)
Dec 90 -	Land cleared but not yet planted. Progress slow. Committee to work out a development programme by end Feb. 91 and agree same with allottee. (Phillips)
July 91 -	This farm was not visited this time by the Panel but it seems that they have leased (?) approximately 15 acres to Sunfrost (Kayleys). It was decided that EIED would warn them that no land is to be sub-leased to other investors. Earl Guise would assist them with a farm work plan to cultivate tomatoes. (Jayewardene)
Jan 1992	A certified seed programme for the Department of Agriculture is being carried out on this farm. This will be continued this season as well. They are also cultivating gherkins for Sunfrost. Better use of can be made of the farm land. They have not paid their lease rent and should not be given their long-term lease unless they pay early. (Jayewardene)

4

Name of Allottee	Lot. No.	Extent HA	Started on
Kapila Enterprises	102/21	20.00	11.10 90

**EVALUATION:**

May 90 -	Kapila has worked closely with EIED, MEA and MARD to plan and develop their farm. Their operation seems to constitute the biggest onion farm in Sri Lanka and a model for other commercial farmers. Mahaweli should continue to work closely with Kapila to ensure that their resources and energy benefit them and their eventual outgrowers. (Goldensohn)
Dec 90	Land cleared and irrigation channels constructed. B' onions and capsicum being planted. (Phillips)
July 91 -	Kapila continues to make progress. A large extent has been cultivated in Big Onions. MARD/MED are now assisting Kapila. A request has been made by them for assistance in onion storage technology. MED assistance in this respect is being discussed. The Director EIED warned Kapila that the Minister has banned the cultivation of paddy in the commercial farms. The farm obtains its labour from the settlement around the farm. Since Kapila has his own heavy machinery, land clearing has been easy. (Jayewardene)
Jan 1992	Hemp has been grown as a green manure. This will help the soil. Paddy cultivation that they have started should be discouraged until a decision is taken, on the recommendation by the evaluation panel to allow paddy on lowlying lands within commercial farms. The long -term lease should not be given unless outstanding the lease rent is paid.(Jayewardene)

5

Name of Allottee	Lot. No.	Extent HA	Started on
Sunfrost Farm	102/09	20.00	06.01.89

**EVALUATION:**

May 90 -	Sunfrost is the best example of successful, profitable commercial farming in System 'B'. However, given the uncertainty of the brined gherkin market, every effort should be made to encourage the farm and outgrowers to take up other brineable crops, such as baby corn, silverskin onions and the like. In addition, their latent interest in an investment in gherkin and other crop packing for export as a finished product should be encouraged. (Goldensohn)
Dec 90 -	Showing good progress harvesting over and preparing for next season. (Phillips)
July 91 -	This farm was not visited this time. It is doing well. They not only cultivate gherkins but also purchase gherkin from over 200 outgrowers they have organized. It is understood that they have leased some land from the adjoining Eriyagama farm. They have no labour problem (Jayewardene)
Jan 1992	The large amount of gherkins that were seen on my last visit have now been cleared and preparations are afoot for the next season. The Silverskin onion trials should be monitored carefully as this is an important trial as are the coriander trials carried out under the MED Project. (Jayawardene)

6

Name of Allottee	Lot. No.	Extent HA	Started on
Jayaratne Farm	103/02	10.00	16.06.88

**EVALUATION:**

May 90 -	Mahaweli should encourage this farmer. He should submit a revised agricultural development plan by the end of Yala and should complete the development of his land for Yala 1991, at which time the entire area should be planted. (Goldensohn)
Dec 90 -	Part of the land is cleared and a building is under construction. Section of the land was cultivated with gherkins and B' onions. Complaints of soil and water-logging problems. Committee to prepare a development programme by end Feb.91 and agree same with allottee. MARD to assist with farm lay out to get over soil and drainage constraints. (Phillips)
July 91 -	There was chili & banana cultivated in approximately 9.5 acre on this farm. It seemed however, that the investor did not have a proper farm plan and needed help and direction. He has about 20 labourers working for him. A few irrigation channels have been cut. It was decided to give him assistance through the MARD/MED intervention with Earl Guise initially doing a farm workplan for him. (Jayewardene)
Jan 1992	The farmer alleged that the EIED had not as yet given him a permit for this land. The EIED staff were not sure of the position. The Panel decided that this farm should be reduced to 4 Ha. and if on the next visit, the whole area is cultivated satisfactorily, the extent be increased. The drainage problem surfaced by the farmer earlier has still not been solved.(Jayewardene)

7

Name of Allottee	Lot. No.	Extent HA	Started on
A.I. Earth Movers Farm	103/24	20.00	17.3.88

**EVALUATION:**

May 90 -	Mahaweli should require this farmer to update his work plan by August 31. This should include finishing jungle clearing and land development in time for Yala 1991 and 50 percent of his land planted in Maha 1991 - 91. If these deadlines cannot be met, the farmer should be called upon to explain his problems and termination of the permit might be considered. (Goldensohn)
Dec 90 -	Showing progress. Land being prepared for planting. (Phillips)
June 91 -	This farm seems to be making good progress with the owner Sarath Kumara present on the farm most of the time. He has cultivated Big & White onions and chili. He too may need MED assistance in access to onion storage technology. Has been able to get labour from Batticaloa to reside on his farm. AI Earth Movers have their own machinery therefore land clearing has not been a problem. (Jayewardene)
Jan 1992	Here too paddy is being cultivated and should not be allowed until the MASL takes a decision. This farm has a serious drainage problem which MDS will look into. The long-term lease should not be given until the outstanding lease rent is paid. (Jayewardene)

8

Name of Allottee	Lot. No.	Extent HA	Started on
Amunugama Farm	103/38	16.0	04.7.88

**EVALUATION:**

May 90 -	Maḥaweli should encourage this group, who has already made some small profits from their land off gherkins and who are trying some medium term crops. However, they should be asked to submit a new workplan by the end of Yala and to have at least 50 percent of their land under cultivation for Maha 1990-91. By Yala 1991, all their land should be cleared and ready for cultivation. (Goldensohn)
Dec 90 -	Small portion of land cleared and one to two acres planted with pineapples. House constructed. Little or no progress. Committee to prepare a development programme by end Feb.91 with deadlines and agree same with investor. (Phillips)
July 91 -	A permanent house/office has been built. Pineapple and banana has been sporadically cultivated. 6 acres have been planted in six acres. It is evident that this farm has no workplan and not being run on commercial scale. They need advice on a farm plan & commercial orientation. Arrangements to manage the farm are weak. The permanent manager is the investors aged father. (Jayewardene)
Jan 1992	This farm has made good progress since the last visit. Mr. Amunugama was given advice on the irrigation layout that he should adopt. The farmer reports damage to crops by wild elephants and wild pig. He should pay his lease rent before he can expect a long-term lease.(Jayewardene)

9

Name of Allottee	Lot. No.	Extent HA	Started on
W Wellapilli Farm	103/40	10.00	21.6.88

**EVALUATION:**

May 90 -	This farmer should be given until August 31 to submit a work plan for the development of his land. If he does not have 50 percent of this acreage under <u>irrigated</u> cultivation by Maha 1990-91, his permit should be terminated. (Goldensohn)	
Dec 90 -	Part of land cleared. Portion cultivated with Maize and Banana. Haphazard development. Chena type cultivation. Recommend cancellation. (Phillips)	
July 91 -	Wellapilli is the only commercial farmer chosen from System B itself. He is a trader here. 8 acres have been planted in Banana and two acres in Lime. Has a pig-sty with fourteen pigs. No permanent house has been built. He needs assistance with a farm plan, developing an irrigation system & agronomic advice. EIED/DM Jayasinghe & MED/FBC Perera were asked to help him to develop. He has been given two seasons to get his farm operation off the ground. (Jayewardene)	
Jan 1992	There has been no progress shown on this farm for a long time	and the evaluation panel has decided to recommend cancellation of the permit.(Jayewardene)

10

Name of Allottee	Lot. No.	Extent HA	Started on
Denwonei Ltd	103/75	20.24	10.6.87

**EVALUATION:**

May 90 -	While this farmer has performed better than most in System 'B', he still must be pushed to make better use of his land. He should submit a revised work plan by the end of Yala and have at least 50 percent of his land under irrigated cultivation by Maha 1990. If he cannot do this, sanctions should be taken, although revoking his permit is probably too strong a step for someone who has done some work to date. (Goldensohn)
Dec 90 -	Portion of land cleared. Haphazard development. Small part planted. Chena type cultivation. Recommend cancellation. (Phillips)
July 91 -	After a long period of inactivity this farmer seems to have started work on the farm again. He however does not seem to be working according to any plan. This farmer has been given six months to show definite progress. He will be assisted by the MARD/MED team to make his involvement a commercial venture. (Jayewardene)
Jan. 1992	The progress shown on this farm is slow possibly due to low financial inputs. This farm still has a drainage problem which MDS has offered to look into. He has not paid his lease rent and should not be considered for a long-term lease unless he pays his lease rent. (Jayewardene)

11

Name of Allottee	Lot. No.	Extent HA	Started on
Fritzpickles	104/87,88	20.00	23.1.89

**EVALUATIONS:**

May 90 -	Mr Paproth deserves praise from Mahaweli for the development of his farm, the identification of export markets, and the level of investment made in modern, adapted agricultural production. He should be encouraged to accelerate the introduction of crop rotation - legumes to preserve and promote soil fertility - as well as other brinable crops so that the land can stay in use even after gherkin diseases strike. He should also be pushed to establish out grower relationship with System 'B' farmers, to fulfil fully the role of commercial farmer in the Mahaweli. (Goldensohn)
Dec 90 -	Steady progress. Examining the possibility of cultivating new export crops. (Phillips)
July 91 -	This farm was not visited. It is understood that the investor has left the farm. The EIED will attempt to find out from the investor what his plans for the future are. (Jayewardene)
Jan 1992	The ownership of this farm has changed hands. There seems to be planned activity on this farm now. Mulberry, for silkworm, and jojoba are being cultivated on a large scale as is gherkins. A long-term lease has been given for this farm.(Jayewardene)

12

Name of Allottee	Lot. No.	Extent HA	Started on
Dharmasena Company	104/58	20.00	01.11.89

**EVALUATION:**

May 90 -	Dharmasena is showing energy, innovation, and risk awareness in undertaking grape cultivation. Mahaweli should do everything possible to encourage him, especially by taking measures to prevent elephant damage. At the same time, he should be pushed to hire a resident manager with some horticultural training. Relationships between him and the farmers growing imported grapes in Aselapura should also be encouraged from the beginning. (Goldensohn)
Dec 90 -	Showing good progress. (Phillips)
July 91 -	The farm was not visited by the panel. Mr Dharmasena the investor has suffered a heart attack and the MARD Programme has taken over the management of the farm till he recovers sufficiently to return and take over the management of the farm. (Jayewardene)
Jan 1992	Mr Dharmasena has not as yet recovered sufficiently to be able to return and take over the management of his farm. Until then MARD continues to manage the farm. Every effort should be made to develop this farm as a demonstration farm for the benefit of the other commercial farmers in System B.(Jayewardene)

13

Name of Allottee	Lot. No.	Extent HA	Started on
Sapukotuna	103/53	10.00	20.03.90

**EVALUATION:**

Dec 90 -	Showing good progress. (Philips)
Jul 91 -	This farm is partly irrigated. Has planted 2 acres in big onions. Has also cultivated chili. Most of the land is cleared, but has a drainage problem at the bottom of the land. Has built a small permanent house with provision to extend. (Jayewardene)
Jan 1992	With the assistance of Earl Guise this farmer has developed a practical farm plan which is now being implemented. He is constrained by the lack of a long-term lease for his land which would enable him to obtain the necessary funds to make his farm profitable. This lease should be given early. (Jayewardene)

14

Name of Allottee	Lot. No.	Extent HA	Started on
Agro Lac	103/65	40	01/11/90

**EVALUATION:**

Dec 90 -	Took over in December '90. Presently clearing land. (Philips)
Jul 91 -	Has completed the jungle clearing but has done little else. He will be assisted by MED/MARD to draw up a farm workplan and start off operation. (Jayewardene)
Jan 1992	No progress has been shown on this farm since the last visit. The farmer also seems to be elusive - not keeping appointments etc. The banana and other crops that were put out have now been destroyed by elephant, deer and other animals. The cancellation of this lease has been recommended by the panel. (Jayewardene)

14

Name of Allottee	Lot. No.	Extent HA	Started on
H.R. Wijesooriya	103/42	8	01.09.88

**EVALUATION:**

May 90 -	<p>This farmer is working hard and seems interested. Unfortunately a dozer broke his off-take structure from the D-canal and elephants have been ruining his bananas. Three hundred plants have been destroyed. In addition, he has been having trouble getting water. He says the settlers are taking it all before it gets to him. He has not prepared any real irrigation infrastructure on his land. He waters his pineapples and bananas by flooding.</p> <p>Mahaweli should encourage this farmer by solving his irrigation problems and mediating between him and the settlers - perhaps by setting up outgrower relationships. However, the Mahaweli should also set a reasonable deadline for the development of his irrigation infrastructure and for the rest of his land. (Goldensohn)</p>
Dec 90 -	<p>Portion of land cleared. 2 1/2 acres of land being cultivated with pineapple and banana. Committee to prepare a development programme by end February '91 with deadlines and agree on same with allottee. (Phillips)</p>
July 91 -	<p>Has built a wattle and daub house. Has a good well and pump but no proper irrigation system on the land. The pineapple and bananas that he has planted need water. He does not seem to have any labour problems. This farm seems to have gone down since last visit. MED/MARD will help him to get it going again. Will be written to by EIED to show improvements on the farm. (Jayewardene)</p>
Jan 1992	<p>This farm shows a lot of improvement since the last visit. It is reported that they are following the farm plan that Earl Guise has helped to develop. The management on farm is enthusiastic and responsive. (Jayewardene)</p>

15

**EVALUATION:**

16

Name of Allottee	Lot. No.	Extent HA	Started on
Lankage	77	8	16/07/91

**EVALUATION:**

Jul 91 -	This land has been given only 4 months ago. Has felled and cleared almost 6 acres. A small brick walled house has been started on. (Jayewardene)		
Jan 1992	This farm has shown good progress working to the farm plan that they have developed with Earl Guise. The presence of the farmer constantly on the farm has helped progress. Unfortunately the farmer has been hampered by the attack on his crops by animals, especially the maize by deer.		

17

Name of Allottee	Lot. No.	Extent HA	Started on
D L Wijesekera	101/35	10.00	04.05.90

**EVALUATION:**

Jan 1992	Very little progress has been made in the initial	jungle clearing that has to be done on this farm. This land has been given to the brother of Prof. Wijesekera who has also got land. They do not seem to have the financial resources to do both farms at once.(Jayewardene)
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18

Name of Allottee	Lot. No.	Extent HA	Started on
E R B Amarasekera	101/18	10.00	08.10.90

**EVALUATION:**

<p>Jan - 91 Jungle clearing work has commenced.</p> <p>At the evaluation carried out in July 1991, the panel decided to cancel the lease given to this farmer since he has made very little progress. However, the farmer made an appeal to the Director General and the DG, on finding .... he has not upto the time been given a suitable .... allowed the farmer to continue. He has not started on the farm.</p>
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19

Name of Allottee	Lot. No.	Extent HA	Started on
Udaya Galagoda	102/47	05.00	04.12.90

20

Name of Allottee	Lot. No.	Extent HA	Started on
R A S J Perera	103/35	10	11.05.90

**EVALUATION:**

Jul 91 -	Has planted gherkins in 4 1/2 Ha. Sells his gherkins to Forbes Agriculture <sup>rs</sup> Services. Has put in an irrigation system in about 4 Ha. Gets his labour from the settlements close by. (Jayewardene)
Jan 1992	There was no progress on this farm since our last visit. The farm looked neglected and even the temporary house had collapsed. The panel recommended cancellation of the lease. (Jayewardene.)

21

Name of Allottee	Lot. No.	Extent HA	Started on
A R Imbuldeniya	105/110	12.00	15.01.90

**EVALUATION**

22

Since no work had been done on this farm, the panel decided to cancel the lease. Subsequently Mr Imbuldeniya whom the panel did not meet has written giving reasons for his inability to start work so far and requesting another chance. The panel decision on this appeal is awaited.

Name of Allottee	Lot. No.	Extent HA	Started on
M J T A Karunaratne	102/51	4.44	06.02.91

**EVALUATION:**

Jul 91 - This land has been taken over in February '91. Has felled and cleared the jungle. Intends planting banana and chillies since there is a possibility of his converting the land to a chena. Indra Philips will speak to him and guide him. (Jayewardene)

Jan 1992 After a long while this farmer has become active and is now levelling his farm and preparing to plant banana as planned. (Jayewardene)

23

Name of Allottee	Lot. No.	Extent HA	Started on
Agro Trade Agency	103/18	5	22.03.91

**EVALUATION:**

Jul 91 -	The land has been given for the investors to start a prawn farm. Whilst waiting for a bulldozer to clear his land he has decided to plant onions. Has put out 38,000 plants so far. (Jayewardene)
Jan 1992	No progress has been made on this farm and the evaluation panel decided to recommend cancellation of the lease. (Jayewardene)

24

Name of Allottee	Lot. No.	Extent HA	Started on
Kavikara	105/01	20	11/10/90

Jul 91 -	Land taken in January '91. This land is above command. Nurseries for medicinal herbs have been set up. Chillies planted in part of the land. A permanent house is being built. (Jayewardene)
Jan 1992	This is a farm where no water through irrigation is available. The farm is now planted with medicinal herbs like Senekola, Kapuginissa and Polpala.(Jayewardene)

**MONTHLY REPORTS BY EARL GUISE**  
**ON THE COMMERCIAL FARMS IN SYSTEM B**

**1 - SAPUKOTANA FARM**

**November 1991 :**

Farm survey, farm layout, drainage layout, investment history, profit and loss history, infrastructure investment, designed farm cropping program, wrote financial plan for suggested cropping plan, conducting farm production trials for watermelons, cantaloupes, honeydews, and tomatoes employing high bed technic, proper fertilization, proper pest control, proper irrigation technic, and selection of fruit for harvesting. Samples of cantaloupes grown on the farm were sent to Dubai market for evaluation. Results--500 ton order for March delivery.

**December 1991 :**

Heavy rains from December 11 through December 19 eliminated the cantaloupes and honeydew trials. These plants had fruit set and were approximately 18 days from harvest. The small commercial trial planted by the farmer survived the rains. These plants were about 19 days of age at the time of the heavy rains. The tomato variety "dwarf hybrid" from India survived the rains. Each plant has from 12 to 18 fruits set.

The calypso variety folded under the water stress. The owner has lost most of his onions. We advised heavy spraying but the owner did not follow the advice. A small plot of onions next to the tomato trials was sprayed each time the tomatoes were sprayed. This planting survived. Chili plantings went under water. They may survive. The owner has spent a lot of time in Colombo during this month trying to secure a loan. He has only been able to get a small loan for onion production. The banks do not have any interest to loan money to this man for melons or sweet corn.

**January 1992 :**

A small trial planting of watermelons made by the farmer have survived the rains and have some fruits about the two kilo range. About mid-month a commercial planting of onions was begun. A loan was secured for only onion production. He would like to plant other melons and sweet corn. However, due to the lack of a sure sales contract and the absence of financing, the owner will wait to participate in the program. Still in need of a long term lease. MARD has financed a small potato trial which looks very good.

**February 1992 :**

Still no lease, no financing, and no pack-house contracts to proceed with program on this farm. The commercial planting of onions looks very good in general. Some spots are showing a little disease. We have made recommendations to spray. Farmer likes to play disease problems very dangerously by waiting many times until it is too late to spray. Potatoes were harvested with average results. Some disease damage appeared in the latter growing days prior to harvest.

## 2 - AMUNUGAMA (NASPA)

### **January 1992 :**

This is a new farm that came on stream late December. It is managed by a recent agriculturally trained person. This individual has a very good background and will develop into a good manager with some help. During this month about 2.5 acres of brinjal was planted plus a small planting of melons. Additional plantings of melons will be made in the future.

This farm has a very nice mix of all sorts and kinds of vegetables.

### **February 1992 :**

Progress is being made on this farm. The melons are looking rather good. All other plantings are in very good condition. They have had a problem with water. After I asked them to clean the canal, the flow was good. However, now someone has come by and screwed the valve shut on the turn out. The mix of crops has been quite successful with some good harvests. As soon as some additional land can be prepared they will be planting a new planting of melons.

### **3 - AGROLAC FARM**

#### **November 1991 :**

Farm survey, designed farm layout, walked farm to study drainage layout, designed cropping program with a cash flow estimate, conducted trials of honeydews, (seeds were eaten four times by wild animals) conducted fertilizer trial with a local variety of tomatoes, Results negative due to poor variety, Advised procedures for a butternut squash planting, advised technic for banana planting, fertilization, pest control, and pruning of plants. All plantings have been destroyed either by elephants, wild boar, peacocks, monkeys, and other wild creatures. Owner has not visited the farm since early July.

#### **December 1991 :**

No activities this month. The owners still have not made an appearance on the farm this month. The elephants continue to feast on each new banana plant as it breaks out of the ground.

#### **January 1992 :**

No activity this month. The owners are still no shows on the farm. The workers still have not been paid for past work. It is recommended that this farm be removed from the present owners and given to some one who will work the land.

#### **February 1992 :**

Everything continues as in January. No activity. Recommend taking this farm from the owner due to mistreatment of employees.

#### **4 - WLIESOORIYA FARM**

##### **November 1991 :**

Farm has taken shape since August, have made demonstration trials to train workers in high bed formation technic, seedling production methods, pest control systems, transplant methods, direct seeded methods, and drainage systems, crops under cultivation are tomatoes, chilies, cantaloupes, honeydews, brinjal, okra, sweet corn, and bananas. Presently designing farm plan for commercial scale plantings. Very good management team on the farm, new tractor has been purchased, progress will be made as organization continues to take shape.

##### **December 1991 :**

Farm is continuing to progress. Honeydew melons lost with gummy stem rot during the heavy rains. The cantaloupes are still on board. The tomatoes also survived the rains. The most advanced plants have 8 to 10 fruits set. Management continues to follow TA advice. Trials of sweet corn, potatoes, watermelons, and canary melons were planted. This group is joining together with two other farms to establish an export program of 2,000 kgs. of brinjal and 2,000 kgs. of okra per week beginning in March. They are presently clearing land for one acre of melons. Three major planning sessions have been held with management to establish the program for the coming months. Chili planting has survived the rains. Due to the high beds the water was able to drain very well.

##### **January 1992 :**

Excellent progress continues on this farm. Approximately one acre of commercial melons were planted on this farm during the past month. Potatoes, sweet corn, and watermelon trials continue to look very good. The tomato trials that survived the heavy December rains are harvesting with some good quality fruit. Yields were reduced due to the drowning of many blossoms. Some plants also died due to the excess water.

A small trial of cellular tomato plants produced in system h and transplanted on this farm have reached first blossom clusters in 42 days from seed. To date no bacterial wilt is evident on these plantings. Farm owners have been extremely cooperative and have provided the inputs as requested. Farm owners would like to proceed at a more rapid pace. However, they understand that I will only proceed at a comfortable rate as technology is absorbed by the on farm management.

Everyone must understand that this is a drastic change for the on farm workers. We are assisting the farm manager with a big onion planting. We have been very strict with a rigid spray schedule for the seed beds. To date they are a picture and as clean as a whistle. Tomato plantings will start in February.

**February 1992 :**

The commercial planting of melons continues to progress with a slight infection of gummy stem blight. This problem is in check by using frequent sprays of Benelate. Harvesting will occur during the coming month. Onion plants are being transplanted to the field this month. There may be enough seedlings to transplant two acres.

Trying to convince the manager to sell seedlings. He has produced some of the best onion seedlings that I've seen in any area of the Mahaweli. Land preparation is very slow on this farm because most of the workers have walked off of the farm to harvest paddy. There is very little excess labor in this area. Presently, owners are trying to bring in outside labor for the farm work. Watermelon plants now have fruit weighing up to three kilos. These will harvest in about two weeks. Sweet corn was harvested and given to MARD for the Mahaweli Week Exhibition at Welikanda. Tomatoes took second growth and threw a nice harvest of good quality fruit. Planting now terminated. Commercial chilies have thrown two very good harvests of green fruit. Still in very good condition with very NLD.

## **5 - WIJESKERA FARM**

### **November 1991 :**

Big problem is adequate and constant management team on the farm. Have made farm survey, recommended drainage layout, studied farm production history, made demonstrations to use two wheel tractor to form high beds for wet weather cultivation, advised on proper use of pesticides, made demonstrations of direct seeding of vegetables, advised on harvesting of okra and marketing of same, arranged seedling procurement of "solo" papaya plants, made demonstration of transplanting papaya seedlings, supervised transplanting, spraying, fertilization, and maintenance of papaya, designed cropping plan and cash flow for the same plan. Made demonstrations of proper irrigation technic. Very few of the technic demonstrated have been followed due to irresponsible management.

### **December 1991 :**

Poor management continues to be detriment to progress on this farm. Wild boar and deer destroyed the "solo" papaya plantation the night of December 5. The farm went under water December 17 with the 8" of rain that fell. Two main drains from settler villages pass directly through this farm. It appears as if the brinjal will survive this waterlogging.

New land being prepared for cabbage is being walled as one would do for paddy.-lagoon style irrigation. About ready to drop this operation from regular visits.

### **January 1992 :**

MARD has cut a deal with this farm to produce cabbage plants for transfer to farmers who will grow for pack-house contracts. Unfortunately, farm management nor MARD officials had the common courtesy to advise us of the agreements. The facts were revealed during the recent farm tour. Presently, TA to this farm has been put in limbo until they make up their minds as to what they would like to do.

If they desire to play ball with MARD and the DA by using the "bun" type of cultivation practices, I will put my time with other farmers who desire changes.

**February 1992 :**

Status quo as of January. MARD did not give these people any cabbage plants for a commercial planting as was promised for growing the seed beds. After the plants were over the hill MARD rep wanted this farm to make a planting. This offer was refused. If Finances improve, they may want to get back on track. The brinjal planting has started with a light harvest. Additional seed beds of brinjal have been made.

## **6 - JAYARATNE FARM**

### **November 1991 :**

Made farm survey, studied and recommended drainage layout, set up layout of farm and cropping procedure to be followed in the various areas, advised on mechanical land preparation, designed farm plan with a tentative cash flow program, reviewed past profit and loss performance of the farm, conducting demonstration tomato trials to study varieties, high bed formation demo, irrigation technic, fertilization methods, and pest control. Technology has been employed in the recently transplanted chili crop. Technology demonstrations being employed for wet weather gherkin planting now under way, plans finalized for commercial plantings of sweet corn, tomatoes, melons, and brinjal. Management is very cooperative and has the desire to follow cropping plans and will follow recommendations.

### **December 1991 :**

Commercial program has been set back due to a lack of financing. Additional land has been plowed and the first phases of land preparation has begun. Chili planting has survived the heavy rains. The high beds practice has worked very well. Expected to begin cuke planting as soon as the land is dry. The area set aside for Maha cultivation is draining very well. The tomato trials were a success. The roma variety set 102 to 112 fruits per plant. The calypso variety folded with verticillium and stemphyllium after setting up to 28 fruits per plant. The roma fruit were not harvested because the workers closed the drain ditch and this caused the field to flood. Thus the fruit about one week away from harvesting went under water and rotted. However, this variety had resistance to the diseases that destroyed the calypso variety. The low lying parts of this farm are a swamp because of no proper peripheral drain.

### **January 1992 :**

Approximately one acre of cukes have been planted under contract for Sunfrost. To date the planting is progressing very well. There should be a first harvest in about 10 days. All plantings have been staked with the exception of the small area set aside for on the ground trials. Additional land is being prepared for the next plantings. Until this client is able to get a loan progress will be slow. In spite of this constraint, progress is being made. The commercial planting of chilies continues to make good growth with an average set. Here again, a lack of funds for a good fertilizer application program could hinder yields. The high bed technic combined with the trickle-constant flow irrigation is working well.

The owner and farm management are cooperating very well and they do follow instructions. Many outsiders and Mahaweli people are downing the systems employed on this farm. To date, things are going correctly and we don't give a care as to what is being said or as to what others think.

**February 1992 :**

The on the ground trial of cukes has harvested 1918 kilos to the acre during a nineteen day harvesting period of this month. The condition of the planting is still very good and will throw a respectable yield. Due to these results, I'm recommending more plantings on the ground. I would not waste the money for the stakes and cord. Sunfrost is not happy with this idea because they make money selling the string. Sunfrost has made three price changes this month for the price of cukes. They say the reasoning is to get more small pickles due to increased orders for the smaller sizes. Don't quite accept this type of management. This farm is participating in the pack-house program to produce cabbage for export. Plantings began this month. Chili planting continues to make good progress. Few worms appearing on the red chilies. Have recommended that they pick green chilies. The present good price for greens warrants the harvest. Still no lease and no loan. Farm plan execution thrown out of whack due to the announcement by Sunfrost to not allow any more gherkin plantings until May. This will interrupt the cash flow program for this farm.

## **7 - KUMARA FARM**

### **November 1991 :**

Have made survey of the farm for soil types, drainage, and general layout, have surveyed past performance records, discussed new cropping program, designed farm plan and tentative cash flow, conducted fertilizer trial on commercial planting of chilies,(results negative due to poor condition of commercial planting) proposing and finalization of plans to begin melon and sweet corn plantings. Owner is a very fine individual but due to past negative results is slow to make changes and move rapidly in a new direction. Lives on the farm and has hands on management.

### **December 1991 :**

Client inactive due to the excessive rains. He will make a trial run of melons as soon as he can prepare land. Owner is a very good person but is proceeding with caution after past experiences. Will respond but can not be pushed.

### **January 1992 :**

Early January rains have kept this farm quite marshy. Owner has bought a large two wheeler for land preparation. We expect to be able to get melons planted the early part of February and follow up with onion plantings. Certain areas have been planted to bananas. This farm has a very serious drainage problem. We check this matter every week.

### **February 1992 :**

Can't get on stream with this farm for first plantings. Everytime my schedule is open for time on this farm the owner is not on the farm or his equipment is out of working order for soil preparation. Eventually it will all come together.

## **8 - JAYASEKERA FARM**

### **November 1991 :**

Has begun to work farm in earnest since May, have surveyed land for drainage, land types, and studied cropping procedures, have made pesticide and fertilization recommendations for okra and brinjal, diversifying into other crops, designing plan to plant sweet corn, melons, and possible watermelons. Has good management and very good workers on the farm. Has recently purchase a motorized sprayer.

### **December 1991 :**

Has joined the Wijasooria group for the okra and brinjalexport program. He has also expressed a desire to plant other crops. Due to other business commitments, he has been spending less time on the farm this month. However, after Jan 6, he will be devoting more time on the farm. Good man who knows how to work. Has joined the group meetings to plan export program.

### **January 1992 :**

A large area of this farm has been prepared to plant brinjal and okra. He has also agreed to make a melon trial as soon as the land can be prepared. Has transplanted chilies. Okra and brinjal export program still not defined due to lack of communications with the buyer.

### **February 1992 :**

A labor shortage caused by an on farm illness and then a departure of the local faction to the paddy fields has hampered progress during this month. Hope to plant the melons during the coming month. Can't load this farm up with additional work due to the labor problem.

## **9 - LANKAGE FARM**

### **November 1991 :**

New farm just opened in August, presently planting corn, beans, and chilies. Have advised on technology and varieties for proposed planting of bananas. Advised and supervised the staking and digging of the holes to plant the first acre of bananas, surveyed the farm for drainage layout and irrigation layout. Good hands on management by owner and the owner's mother.

### **December 1991 :**

Chili, corn, and bean plantings look very good. Had serious problem with excess water from the rains. However, they quickly opened some drains and the crops survived. This farm has a serious drainage problem as they expand the cultivated area. Bananas planted during the early part of the month are beginning to germinate. Water may have rotted the seed in the lower part of the banana planting. Wild elephants have destroyed a portion of the corn and bean planting.

### **January 1992 :**

These people have had a management problem. A local man who was hired as a supervisor has run off with the corn, green chilies, and a lot of the beans. Drainage ditches have been opened in the low lying areas. Bananas are germinating very well. Presently, opening drains and watering ditches through the bananas. Additional land clearing is expected to begin in March.

### **February 1992 :**

These people keep plugging along. The bananas are growing very well. Management continues to be a problem. The chili planting is in very good condition. Additional small plantings of onions and cabbage have been made. They look good.

## **10 - SUNFROST FARM**

### **November 1991 :**

Since this is an established farm a different approach has been taken with the management of this operation. Have been following the entire gherkin program checking on the performance of the outgrower program, brining operation, marketing of the finished product, reviewing progress on the diversification research work and making suggestions when the opportunity presents itself. Management is very good and quite receptive to new ideas and suggestions.

### **December 1991 :**

All gherkins purchased during 1991 have been shipped. Presently, waiting for the 1992 planting season to get under way. Conducting large scale variety testing program for cocktail onions. Participating in the essential oil PIP program. Have planted coriander and waiting for ginger seed to be harvested for planting material. The greater portion of the farm is planted in a green manure crop. About ready for plow down. A lot of onion variety trials will have to be re-seeded because trial area went under water during past rains.

### **January 1992 :**

This company is contracting a lot of gherkins for the coming season. They have given me several figures as to the acreage contracted. The amount ranges from 100 to 150 acres. They have opened with a three grade purchasing agreement. They have a new on site manager who is trying to get things organized.

There has been a mix up with some of the chemicals that were issued to Jayaratne. When a serious infestation of mites appeared on the cuke planting, they issued two fungicides instead of an insecticide and a fungicide. We had to go to these people to get the matter corrected.

### **February 1992 :**

Pickle harvest is in full swing with practically all contractors harvesting. Presently, conducting a special vinegar brine trial under refrigeration. Have made two price increases this month to encourage more smaller pickles. Small size has increased from initially 15 to now 28 rupees per kilo. Quite confusing to the farmers because they really don't understand what is occurring. Could be a real mess at settlement time. This is a complete turn around from the last growing season when this company encouraged harvesting of large pickles.

## **GENERAL**

### **November 1991 :**

The preceding farms form the nucleus of the immediate group for regular assistance. During the past two months, a point has been made to visit all of the commercial farms in this system. Each week we are getting more requests which are being attended. It is apparent that very soon there will be approximately six more farms receiving regular assistance and about five more coming on stream for periodic advice. Major constraints for rapid development consists of financing availability, drainage installations, seed availability, control of wild animals, and adequate labor available.

### **December 1991 :**

The month of December had some erratic weather patterns. First, a seventeen day dry period extending from November 24 through December 11, and secondly, a very wet period extending from The evening of December 11 through December 19. The month terminated with an accumulative rain fall of approximately 40". The largest single, daily rainfall occurred on December 17 when 194mm were measured. We were in the area during this deluge. We visited a large number of the farms to inspect the the actual water flow and flooding problems. I now thoroughly understand the general reluctance of farmers not wanting to carry on a large scale cropping program during this period.

Something must be done to help alleviate the serious drainage problems that exist in this system. Interest is high and many farmers are waiting to begin commercial plantings of melons, tomatoes, cukes, etc. as soon as they feel they are safe from floods and inundation.

### **January 1992 :**

The month of January has brought a great increase in planting activity. A five day rain period has delayed some of the field activity. A lot of very basic training needs to be conducted.

We have learned that most of these people do not understand fertilizer mixes, pesticide mixes and the usage of these, and labor organization for the daily work chores. This is not a complaint but needs to mentioned for the records. This is part of our responsibility and we will do everything within our powers to assist the farmers in these matters. It should also be remembered that many of the items taken for granted that the farmers

were well versed in just is not correct. The real TA transfer has to begin with the very basics and move as management can progress with the Technology. Certain examples are as follows: Planting in larger blocks, cleaning a spray nozzle when the pesticide does not properly leave the tip of the gun, applying the wrong fertilizer mix at the wrong time, and misunderstanding of Herbicides and their use. We are quite happy with the general response that we have received to date from farm owners, farm managers, and the real field laborer. We are certain that a continuation of this type cooperation will result in good final accomplishments.

**February 1992 :**

There is very little to say at this point under general except that no leases have been granted, no financing is available, and the authorities are playing with the water. Cut the cords and let it roll and results will come forward.

**DETAILS OF COMMERCIAL FARM LEASE PAYMENTS AS AT 29/02/92**

Name of Investor	Lot and Block	Date of Alienation	Annual Rentals	1985	1986	1987	1988	1989	1990	1991	Premium
M.S. Eriyagama	102/23/01	01/11/85	3,080.00	Paid	Paid	Paid	Paid	3,537.53	3,537.53	3,537.53	Premium has not been paid. Measures will be taken to collect the premium when the long term lease is issued.
T. Liyanapatabendi	102/23/02	01/11/85	3,675.36	Paid	Paid	Paid	Paid	3,673.36	3,675.36	3,675.36	- do -
R.L. Eriyagama	102/23/03	01/11/85	3,675.36	Paid	Paid	Paid	Paid	3,675.36	3,675.36	3,675.36	- do -
L.S. Eriyagama & Party	102/25-27	03/09/88	15,689.19				Paid	15,689.19	15,689.19	15,689.19	- do -
Devonal Expo, Ltd	103/75	1/06/87	9,298.66			Paid	Paid	9,298.66	9,298.66	9,298.66	- do -
S.K. Kumara & Earth Movers	103/24	17/03/88	8,866.81				Paid	8,866.81	8,866.81	8,866.81	- do -
B.M.P. Jayasekera	101/12	2/6/88	4,594.20				Paid	4,594.20	4,594.20	4,594.20	- do -
D.S. Wijesekera	101/04	09/06/88	6,808.60				Paid	Paid	Paid	Paid	- do -
R.M. Jayaratne	103/02	16/6/88	4,415.03				Paid	Paid	4,415.03	4,415.03	* (7726.29) Paid only the premium long term lease is been prepared.
W. Wellappilli	103/40	21/6/88	3,712.11				Paid	Paid	Paid	Paid	Premium has not been paid.
Rajarata Agri Enterprises	103/40	21/6/88	3,712.11				Paid	9,110.30	9,110.30	9,110.30	Premium has not been paid. Measures will be taken to collect the premium when the long term lease issued.
A.M.B. Amunugama	103/50	24/6/88	9,110.30				Paid	Paid	Paid	6,591.30	- do -
R.H. Wijesooriya	103/42	01/09/88	3,675.36				Paid	Paid	Paid	Paid	- do -
D.B.R. Wegodapala	102/63	30/09/88	3,895.13				Paid	3,895.13	3,895.13	3,895.13	- do -
Sunfrost (Pvt) Ltd	102/9,55	06/01/89	9,300.00					Paid	paid	Paid	- do -
Fritzpickles Pvt Ltd	104/87,88	23/1/89	9,300.00					Paid	Paid	Paid	Long term lease issued.
Jayalath Jayawardena	103/74	10/05/89	6,877.51					Paid	6,877.51	6,877.51	Premium has not been paid. Measures will be taken to collect the premium when the long term lease issued.

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