

## **Student Activity**

What are the benefits received by paddy cultivators from the guaranteed price scheme?

## **Introduction of New Varieties of paddy.**

A Rice Research and Development Institute was established at Batalagoda in 1952.

After that, paddy research institutes were established at Labuduwa, Maha Illuppalama, Bombuwala, Hingurakgoda etc.

## **Provision of Credit Facilities**

- \* A number of steps was taken to eradicate the poverty of paddy cultivators. Accordingly, credit facilities were provided by organisations such as the Land Commissioners Department, The Department of Food, The Department of Agrarian Services etc.
- \* With the establishment of the People's Bank in 1961, loan facilities were provided to co-operative societies and affiliated societies for paddy cultivation.
- \* From 1972, credit facilities were provided through the branches of the Bank of Ceylon opened in the centres of the Agrarian Services Department.
- \* In order to carry out agricultural activities more successfully, the Agricultural and Research Institute was established in 1972.

## **The Mahaveli Development Scheme**

The most important project launched for the purpose of improving the subsistence agricultural sector based on paddy cultivation by the governments that came into power after independence is the Mahaveli Scheme. Feasibility studies were conducted at several stages before it was started.

During the time of Dudley Senanayake who succeeded D.S. Senanayake as Prime Minister, primary investigative studies were made on the Randenigala Project.

Under the Minister of Agriculture (Bulankulama) during 1953-1956, a research was undertaken on the land and population in the valley of the Mahaveli. In 1958, on a request of the government, an American institution had prepared a plan for the utilisation of Mahaveli water for multi purpose activities. During the premiership of Sirimavo Bandaranaike, a comprehensive plan was prepared on the basis of the detailed study plan. As the first step in the implementation of the Mahaveli project, a dam was constructed across the Mahaveli and the Polgolla scheme inaugurated. Originally, the Mahaveli Project was scheduled to be completed in 30 years. However, on the instructions of J.R. Jayewardene who came to power in 1977, it was completed in six years.

In addition to paddy, the cultivation of other crops also received the attention of the government and measures have been taken towards that end. After the independence of 1948, high lands as well as land in the intermediate zone have been utilised for cultivation.

Import restrictions enforced during the latter half of the 1960 decade led to a rapid development of additional crops. As an example, we can show the expansion of potato cultivation in the Northern, Central and Uva provinces.

## Development of Minor Export Crops

Insufficiency of income received from traditional crops prompted the government to direct its attention towards the cultivation of minor export crops such as coffee, cocoa, cardamoms, nutmeg, pepper, cinchona, lemon grass etc. Accordingly several steps were taken to make a successful diversification of crops.

Based on the Tea Commission Report of 1968, it was proposed to cultivate crops such as coffee, cocoa, cinnamon, pepper and nutmeg on uneconomic tea lands.

Financial assistance was obtained from the United Nations Development Programme in 1972 for the crop diversification project started in the Central Province



**Figure 6.10 Minor Export Crops**

The Department of Minor Export Crops was set up under the Ministry of Plantation Industries in 1972 with the objective of promoting minor export crops. A Minor Export Crops Research Institute was also started in 1972 at Matale. Subsequently, six research institutes were established at the following places : Narammala, Kundasale, Delpitiya, Nillambe, Mapalana and Gammaduwa.

Measures were taken to expand the area under cultivation of minor export crops as well as to encourage production through the subsidy scheme of 1972. State sponsored schemes and measures such as guaranteed prices, fertiliser subsidies and provision of technical advice were utilised to encourage export crops. In the mean time, the Five Year Plan of 1972-1976 encouraged the cultivation of crops such as cotton, maize and sun flower.

## **Development of Livestock Resources**

Development of cattle rearing was important for meeting the nutrition requirements of the people, producing the fertiliser and specially for paddy cultivation. Under 1948-1958 ten year plan attention had been paid to the need for reducing the dependence on milk imports.

During 1970-1976, under the policy of strict import restriction, steps were taken to increase the number of cattle in the country, with the objective of achieving self sufficiency in milk.

In this connection, the establishment of the National Milk Board in 1967 is a special step. Extensive steps were taken to improve the supply of milk through the establishment of the milk factory at Ambewela and the Condensed Milk Factory at Polonnaruwa.

The Sri Lanka Oils and Fats Corporation was set up with the objective of producing high quality animal feed at low cost. After the establishment of the Livestock Board in 1973 the development of livestock resources was brought under the Department of Agriculture. In 1978 livestock development activities were brought under the Ministry of Rural Development.

## **Fisheries**

The immense oceans surrounding the country, the large number of rivers that originate in the central hills and flow in all directions and the inland tanks and

reservoirs can be considered as a priceless blessing enjoyed by Sri Lanka. After 1948, attention has been directed towards the development of the fisheries sector with the objectives of minimising the nutritional deficiencies of the people as well as solving the problem of unemployment. Accordingly, a large number of measures have been implemented under the ten year plan of 1959-1968 and the five year plan of 1972-1976.

## **The Establishment of the Fisheries Corporation in 1964**

The state intervened to develop the fisheries industry through a series of measures regarding the purchase, storage and distribution of fish, mechanisation of fishing boats by fitting outboard motors to old boats, implementation of a concessionary loan scheme for modernisation of fishing equipment and the recruitment of expansion officers for fisheries activities.

During the early part of 1970, the government launched activities aimed at earning foreign exchange through the export of prawns and lobsters.

Fisheries co-operative societies were set up under the guidance of the state.

Loans were obtained from the Asian Development Bank and this money was utilised to provide assistance for the mechanisation of boats to fishermen under the concessionary credit scheme. Other subsidised assistance also were provided to fishermen, the major steps being:

Introduction of fibre glass boats

Increasing the number of fisheries dockyards

Provision of financial assistance to fishermen through fisheries co-operatives

In addition, the quantum of assistance provided for canoes and boats was also increased up to 90%. As a result of these measures of assistance, the fisheries industry in the coastal areas of the North West, the South and the West witnessed a substantial improvement. The People's Bank provided finances needed to buy fishing equipment. Attention was drawn to the infra structure development and management through the construction of the fisheries harbour in 1972.

These various measures of assistance gave a tremendous fillip for the development of the salt water fisheries of Sri Lanka. In the mean time, the establishment of a large number of fresh water fish breeding centres by the Department of Fisheries in 1952 helped to further the fresh water fisheries activities of the country.

## Commercial Agriculture

The government monopoly on trade was abolished on the recommendations of the Colebrooke Commission reforms implemented in 1833. In addition, using the fertile land acquired by the government through the Waste lands Ordinance of 1840, large scale commercial plantations were started. The Plantation industry developed during the British times has remained as one of the largest earners of foreign exchange and sources of employment to date.

Up to very recent times, the biggest amount of foreign exchange was earned by these plantation products. The biggest portion of land under commercial crops remained in the hands of the foreigners while the biggest amount of revenue was also received by the foreigners.

### New Trends in plantation since Independence

By the land Reform Act Number 1 of 1972, an upper limit was established for the ownership of private lands. Accordingly, a person could own a maximum of 10 hectares (25 acres) of other crops. Therefore, estates with thousands of acres of land was abolished by this law. A land reform commission was set up in 1972 and it was charged with the task of acquiring all lands in excess of the above limits and their redistribution. As a result of the land reforms implemented during 1972-1975, the following extents of land that were in the hands of private companies were nationalised:

Land under tea	166405 hectares
Land under rubber	74494 hectares
Land under coconut	48130 hectares

By the land reform Act number 30 of 1975 (amendment) the subject area of land reform was further expanded. According to this law, all lands and land related all capital assets of public companies were nationalised.

As a result of these reforms, by 1976 nearly 62% of the land under large scale plantations came under state ownership. Out of this total extent of land, about 28% had to be given on lease for the establishment of co-operative farms under state patronage, and about 10% was distributed among farmers as small blocks.

As a result of these changes, the agency houses and public companies moved away from the plantation management and their functions came to be performed by the state. Ownership of land also shifted from the private sector to the state sector. These land reforms can be considered as a revolutionary development process that took place in this country after independence.

Three main institutions were established for the management of land vested in the state. They are:

State Plantations Corporation established in 1958

Up country Estate Development Board set up in 1976

Janatha Estate Development Board of 1976

In this manner, by 1976, about 35% of the land area under commercial crops came to be administered by state institutions. After independence, the output of tea, coconut and rubber products increased while there was a notable increase in exports. In the world market, Sri Lanka accounted for 34% in 1950 and 40% in 1960.

### Rubber

Due to the bilateral agreement between Sri Lanka and the people's Republic of China in 1952, it became possible to secure a stable market for Sri Lankan rubber. Sri Lanka also gained by signing the international agreement on natural rubber in 1977. From 1977, assistance was received from both local banks and the world bank for planting and replanting of rubber.

### State Enterprises

Nationalisation of business ventures was started with the objective of providing a better service to the people and to ensure an enhanced welfare of employees. Accordingly, under the government of S.W.R.D. Bandaranaike, the port and bus transport had been nationalised. The policy of utilising state enterprises for the development of the country was widened during the time of Sirimavo Bandaranaike who was Prime Minister between 1960 and 1964.

The establishment of the People's Bank on 1<sup>st</sup> July 1961 was a broad step in the activities of state enterprises. Workers also were provided with credit facilities through this bank. In addition the encouragement of the savings habit among the people which is a vital factor in national development and the provision of banking facilities to common people were some of the results arising from this step.

Next, the Bank of Ceylon was nationalised. Insurance business in Sri Lanka was nationalised and the Insurance Corporation was established on 17<sup>th</sup> November 1960.

Through the nationalisation of petroleum products distribution which had been in the hands of foreign companies, it was possible to retain a huge amount of money within the country which had earlier been taken away by these companies. The Petroleum Corporation was set up to carry out the business of importing and distribution of petroleum products.

During the time of Mrs. Bandaranaike, state also intervened in the area of marketing of consumer goods in the country. For this purpose, steps were taken in 1971 under state patronage to reorganise and strengthen the co-op societies. In addition, the Co-operative Wholesale Establishment was also set up. Through these steps, the business of consumer goods distribution was taken under the state to a large extent.

As mentioned before, the nationalisation of tea, rubber and coconut estates which were previously owned by sterling companies made it possible for Sri Lanka to enjoy substantial economic benefits. In addition, through the land reform activities carried out during the time of Mrs. Sirimavo Bandaranaike, every inch of land that had earlier been plundered by foreigners was once again placed in the hands of the common people.

## **Industries**

During British rule, not much attention had been paid to the development of industries. The intention of the British was to use Sri Lanka as a source of raw materials for their industries and a market for their finished goods. Due to this reason, a large number of industries that had existed in Sri Lanka from ancient times also underwent a decline. During British times, a number of light industries had been established in the plantation areas with the objective of supplying spare parts and components needed for tea, rubber and coconut processing machinery. Production of consumer goods, manufacture of household equipment based on raw materials and skilled labour and small industrial units was widespread in the regions. There were a few large scale industries that utilised available raw materials located away from Colombo. During the early phase after independence, private investors started industries around Colombo. Development of infrastructure facilities such as the harbour and railways and the concentration of upper and middle income groups in the Colombo district were some of the major factors that led to this development. At that time, there was no national policy on the location of industries.

In 1952, the report of the World Bank and the report of the government commission on state industrial enterprises were used for the formulation of state policy on industries. The importance of establishing medium scale industries had been highlighted by the World Bank.

## **State Corporation Act of 1955**

On the basis of the report of the state commission on industrial enterprises, factories that had been under government departments were converted into

corporations with the objective of improving their organisation and management. The government policy on foreign and private investment was published through the white paper of 1955. The Industrial Corporations Act of 1957, empowered the government to establish and maintain any industrial venture. The first Industrial Estate of Sri Lanka was set up in Ekala in 1959. Due to the setting up of the Industrial Colony at Ratmalana in 1960, attention was drawn to the establishment of industries in the suburbs of Colombo.

Large scale, small scale and domestic industries witnessed a remarkable development under the ten year plan of 1958-1968. Credit facilities provided by the Bank of Ceylon and the People's Bank played an important role in this progress.

## **Large Scale Industries**

Considerations of easy availability of land and raw materials in areas away from Colombo and the need to reduce the concentration of the population in Colombo and the suburbs led to the establishment of large scale industries. Accordingly, ceramics, tyre, cement, paper, sugar, plywood, steel, chemicals, hardware, textiles, cast iron and such other industries were started as state enterprises. Almost all of them were launched with foreign aid.

## **Health Services**

The government of Sri Lanka had initiated the policy of providing free medical and health services long before independence. However, these facilities were very limited in rural areas and were also centered in urban areas.

After independence, steps were taken to improve health facilities in urban as well as rural areas. Under this policy, action has been taken to supply the public with health services of a satisfactory level through several ministries such as the Ministry of Health, Ministry of Women's Affairs and teaching hospitals and the Ministry of Indigenous Medicine.

In 1950, the government expenditure on health had amounted to 1.5% of the gross national product while it had increased to 2.1% by 1970. This clearly shows that the government had paid greater attention to public health. During the last 50 years, the provision of infra structure facilities and services had widened



remarkably while a similar expansion is seen in many fields such as the hospital system, personnel employed in health services, medical equipment, specialist services, surgical facilities, family health services and health education.

The immunisation programme was expanded widely. Under this scheme, it was possible to immunise over 90% of children resulting in a dramatic reduction in diseases such as infantile paralysis, diphtheria, whooping cough, tetanus and mumps.

By 1970, it was possible to eradicate cholera completely from Sri Lanka. Substantial reduction in the number of cases of typhoid fever, filaria, malaria and tuberculosis was a remarkable progress. In 1946, 9250 persons died of tuberculosis. By 1965, not a single case of death from tuberculosis had been reported. Programmes for the provision of additional supplementary food to mothers, infants and school children as well as school based programmes including dental clinics were instrumental in bringing about a remarkable progress in the field of public health. Family health and bureau was set up in 1972 and the various steps taken by this unit relating to the organisation of maternal and child health services, family organisation planning and health education also played a useful role in the progress of the field of health. The Establishment of the State Pharmaceuticals Corporation in 1972 enabled people to purchase medicines and drugs at reasonable prices.

The highest expectation of life and the minimum infantile mortality in South Asia is reported from Sri Lanka.

## **Transport**

An efficient transport service improves the economic condition of a country providing a satisfactory service to the people facilitating their day to day activities.

From British times, Sri Lanka was in possession of a system of roads, railways and harbours that had achieved a high level of development. After independence, with the increasing demand for transport services, the system of transport underwent a huge expansion.

## Roads

Road networks helped to link urban and rural areas together. In 1948, transport services for road passengers were provided by 53 bus companies. On the first of January 1958 the, private bus passenger service was nationalised. Accordingly, the monopoly of providing transport facilities to road passengers was entrusted to the Ceylon Transport Board (C.T.B.). In 1978, the C.T.B. was abolished and the SriLanka Central Transport Board was started. Accordingly, passenger transport services were again handed over to private bus owners.

The operation of a system of concessionary season tickets for school children from 1948 to 1977 can be shown as an important welfare activity.

## Rail Transport

Railway transport activities established during British times were continued as a government responsibility after independence. The substitution of diesel engines for the steam engines that were in use until then resulted in the improvement of performance. Transport facilities have been improved through measures such as the modernisation of railway compartments, introduction of inter city express trains with observation cars etc. Use of colour signals has resulted in the improvement of efficiency of operations, A welfare system is in operation through concessionary season tickets. Udarata Menike, Ruhunu Kumari, Podi Menike, Yal Devi and other long distance train services were introduced in 1956.

## Ports

The port of Colombo was built during British times and by 1948, it had become one of the main ports in the world. During the period 1960-1965, a large number of port development schemes was put into operation.

- \* The Elizabeth jetty, The Bandaranaike jetty, The Vijaya jetty, Southern bridge, Northern bridge and anchoring facilities were improved during this period, resulting in an increase in profits to the government.
- \* In 1958 the port was nationalised.

- \* In 1960, labour problems were solved through an attractive package of welfare facilities.
- \* In 1964, the time taken for a ship to be serviced was 10 days. This was reduced to three by 1973, resulting in more profits and display of increased efficiency.
- \* Efficiency appeared to have further improved with the establishment of the Central Freight Corporation in 1973

Since the port is an essential factor in the development of import and export operations of a country, every government that came to power since 1948 has directed its attention to the development of the port.

## Communication

Now let us turn to the communication services comprising the main communication media of post, telegraph and telephone services.

## Postal Service

The postal service started by the British has continued up to date without a break. In 1948, a van service was introduced by the Postal Department for the distribution of letters.

- \* In 1949, an air mail service was started between Colombo and Jaffna.
- \* In 1949, the post offices undertook the payment of pensions. This was a very great convenience for the pensioners.
- \* In 1958, the first batch of postal stamps with Sinhala letters was introduced.
- \* In 1972, post offices began to function as savings banks.

From British times to date, the postal service has rendered an immense service to the public. It enables a letter or a parcel to be sent conveniently and very rapidly to even the most difficult area in the country, it helps people to save at least a very small amount of money and by these facilities performs an invaluable service to the people.

## Telecommunications

In 1948, there were 8625 telephones installed in Sri Lanka. Out of them 5079 were installed in Colombo.

- \* In 1951 the telecommunication service which was in the hands of the Cable and Wireless (Britain) Company was taken over by the state.
- \* Telex service was introduced in 1963.
- \* In 1966, subscriber direct dialing facilities were started.
- \* In 1976 the first satellite station was established bringing about an extensive widening international telecommunication facilities.

## Radio

Radio was introduced to Sri Lanka in 1925.

- \* In 1949, the department of radio was established  
It became very popular under the name 'Radio Ceylon' and operated one service.
- \* On the 1st of January, 1950 the new radio station was opened at the Torrington Square. Service time was increased and transmissions were made in all three languages.
- \* Concurrent broadcast services began.
- \* In 1950, the commercial service started and it broadcast programmes simultaneously with the national service.
- \* In 1951, the educational service was started.
- \* In 1967, the Sri Lanka broadcasting corporation was established.
- \* In 1979, the first regional broadcasting service was started.

## Summary

See whether in your study of the history of Sri Lanka after independence you have got an opportunity to study about the following subjects:

Parliamentary system of democracy.

The help provided by the party system and the Cabinet in the functioning of the parliamentary system of democracy.

The manner in which the new republican constitution of 1972 helped to create a sovereign independent state committed to the welfare of the public.

The fact that a system of government led by the presidential executive came to be operative through the second republican constitution of 1978.

The new trends in education, agriculture, state enterprises, industries and social welfare after independence in Sri Lanka and the results reaped by the Sri Lankans through them.