

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

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The farm allotment which is the prime unit of production in the new settlements falling within the Mahaweli Development programme had been made three acres in size, *i.e.* two and half acres of paddy and half acre of home garden. Although the experiences of Gal Oya, Minneriya and other similar settlement schemes and the results of controlled tests at various research centres would have advocated the viability of such an allotment, the settlement experiences at Galnewa region for the last five years appear to question this viability. Some of the recent changes in the cost structure of farm inputs and response of settler farmers towards these changes, have contracted production potentials. This has led to narrower producer margins.

The objective of this study is to explore the economics of peasant farming in this context to surface the subtle and complex mechanisms that affect the viability of peasant farming.

SECTION F

A sample survey was carried out towards the end of 1982 in two selected villages. Analysis of this data disclosed among other findings the incidence of a "vicious circle" of low income and poverty that make peasant farming in such allotments to be uneconomic and unremunerative.

References

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