

THE RECENT ECONOMIC POLICY CHANGE IN SRI LANKA
AND THEIR IMPACT ON THE PEASANT ECONOMY : THE
CASE OF HAMBANTOTA DISTRICT

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The present study, on the basis of data upto 1986, examines the impact of recent economic policy changes on paddy production and the peasant economy in a relatively advanced paddy producing area in Sri Lanka. Notwithstanding the increasing economic burdens, the economic behaviour of the average paddy producer has not changed significantly as evident from the recent remarkable growth in paddy yields: paddy production continues to bring considerable profits per acre, and favourable agro-climatic conditions, to a category of farmers who obtain high yields; returns to capital and family labour remain relatively attractive; diversification of paddy land on a scale that will affect paddy production is constrained by climatic, seasonal and cost problems; subsistence component of paddy strongly encourages the continuity of paddy cultivation even at relatively low returns. While increasing economic burdens on the paddy producers are bound to affect the living standards of their families, the level of pauperisation of the peasantry will ultimately depend on their total family income. The high rural wage rates and the apparent increased levels of rural consumption in general, and low levels of occurrence reported in paddy land sales and eviction of share-tenants in the study area, among other factors may indicate the absence of a large-scale, continuing pauperisation of the peasantry. While the paddy sector in Sri Lanka has achieved its present level of dynamism basically within the existing agrarian relations, the productive forces in paddy agriculture may further develop within the existing agrarian relations, however, subjected to regional variations and natural limits.