

**Valuation of social capital in irrigated agricultural systems:
A case study of village tanks in Southern Sri Lanka**

E B I Dayananda^{1*} and U A D P Gunawardene²

¹ Department of Agricultural Economics, Faculty of Agriculture, University of Ruhuna, Kamburupitiya

² Department of Forestry and Environmental Sciences, Faculty of Applied Sciences, University of Sri Jayawardanapura, Gangodawila, Nugegoda

Under the supervision of Agrarian Services Department, farmer organisations have been given legal authority to undertake the management of village tank systems. Considering farmer organisations as social capital, this study tries to investigate its impact on irrigated agriculture in Hambantotata district of Sri Lanka. One functional tank and one abandoned tank of Tiisamaharama D.S. division were selected for this study during the maha season of 2005. Seventy farmers who lived adjacent to both tanks were interviewed using a pre-tested questionnaire.

Considering social capital as a function of level of trust towards the leadership and participation in collective action, an index was developed to measure the level of social capital in each tank community. To develop the Social Capital Index (SCI), percentage acceptance of the leadership by farmers (percentage of farmers who agree with the leader in agricultural decisions) was added to the participation percentage (percentage of farmers who participated in the collective activities organised by the farmer organisation). Functional tank, which is managed by an active farmer organisation received high social capital index (1.7). The abandoned tank having an inactive farmer organisation, received lower social capital index (0.3). When the average agricultural incomes of the two tanks were compared, the farmers of functional tank having high social capital, receives Rs. 3616 per acre per month and it is 6.7 times higher than that of the abandoned tank. The average agricultural income of the abandoned tank was Rs. 535.71 per acre per month. As the other conditions of the two tanks were quite similar to each other the difference in average agricultural income could be attributed to the difference in social capital in the two communities. Therefore, the study concludes that, social capital is of vital importance for the enhancement of irrigated agriculture.

* buwani@agecon.ruh.ac.lk

Tel: 041-2292200 Ext.358