

Rubber Smallholdings in Sri Lanka: Problems and Prospects

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Plantation agriculture was introduced to Sri Lanka during the British administration in the early 1940s. It was the only successful technical crop introduced during this period as others such as cotton failed to produce successful results. Colonial policy biases strongly favoured large estates, and at the early stages of rubber cultivation, was mainly practiced in large scale due to economies of scale and availability of Indian labour. Rubber was first introduced to the Western Province and thereafter was expanded to Sabaragamuwa, Southern, Uva, and North Western Provinces at different times and to different degrees. As a result of this technical crop, Sri Lanka managed to earn sufficient foreign exchange from raw material export. After gaining political independence, rubber was gradually used as an important industrial input used to manufacture numerous goods within the country. This was further intensified after trade liberalization in 1977. The Sri Lankan rubber economy entered into a new dimension of ownership patterns and management as a direct consequence of the land reform laws which brought fundamental changes to the structure and ownership of rubber lands. In the early 1970s, plantations were nationalized and regulations were imposed regarding private ownership. This was the beginning of land fragmentation of rubber as well as other crops in Sri Lanka. Post-liberalization activities aggravated this situation further as rubber lands were used for different purposes such as urban and industrial development and housing purposes. The objective of the study is to examine the challenges and prospects of rubber smallholdings in Sri Lanka. Necessary data is collected from both primary and secondary sources. Primary data is collected from Kegalle, Ratnapura, and Kalutara Districts. These three districts cover nearly 75% of the rubber cultivation in Sri Lanka. Data is analyzed using a mixed approach. The Frontier analysis is used to analyze efficiency quantitatively. In addition to that, qualitative methods are applied for analysis. The study suggests that there is an inverse relationship between farm size and productivity in the rubber plantations in Sri Lanka.

Keywords: Factor productivity, Farm size, Land fragmentation, Sustainability