

Agriculture Sector in Sri Lanka Fifty Years after Western Colonization: Impacts, Trends and Future Perspectives

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Until western colonial powers impacted on Sri Lanka about five hundred years ago, it was considered as a subsistence agriculture-based economy with paddy as the major agricultural crop. The structure of the agricultural sector has, however, been changed during the period of colonization (1510 – 1948) and afterwards, i.e. post-colonization (1948 to date) with the introduction of plantation crops and severe structural changes took place in other sectors relatively faster that contribute much to the overall production, employment, and trade etc. in the country.

The purpose of this study was to examine empirically the impact of so-called changes occurred in the agricultural and other sectors under the western colonial powers, especially under the British rule (1815 – 1948), on the overall national development of the country in the post-colonization era. It used the hypotheses made by Myint (1977) to develop the empirical model for analysis, i.e., agriculture sector of a country can promote its economic development by five distinct ways: (1) increasing the supply of food available for domestic consumption (food security); (2) releasing its labour for industrial development; (3) enlarging the size of the domestic market for the industrial sector; (4) increasing the supply of domestic savings from agriculture, and (5) providing the foreign exchange earned by agricultural exports.

Using the secondary data for the period covering 1970 to 2003, a multiple regression analysis was carried out with appropriate variables to express these phenomena. The results suggest that there exists a significant impact of these factors on overall economic development of the country, especially in the areas of household food security, labor mobility, capital formulation, and marketing and trade of agricultural products.

The results suggest that although the relative contribution of agriculture sector to overall economic development has been reduced over time, it is imperative to taking into account these trends and impacts that take place in agricultural sector extensively in the processes of developing appropriate policies, as it is the most sensitive sector in terms of the political economy of the country.

Key Words: Agriculture sector in Sri Lanka; Agricultural policies; Economic development; Structural change; Western colonization

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