

Sri Lankan agriculture at crossroads: crisis or opportunity?

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The problems of the farm sector in Sri Lanka are not exceptional by conventional standards. This paper presents evidence of ‘crisis’ in the domestic farm sector, but argues that the core problem of the farm sector is not a simple ‘adjustment’ issue. The adjustment argument contends that with economic development, farming, being a low-skilled primary industry, has to make way for sectors that fit in better with more modern, high-tech economy. This may be quite right, if, economic considerations as popularly acknowledged, will prevail over all others. If the root causes of the ‘crisis’ are understood and managed properly, crisis can be turned in to opportunity. The paper identifies the limitations of the ‘industrial agriculture’ in the context of Sri Lanka. It demonstrates that inefficiency and resistance to change are definitely not causes for the present failure of domestic agriculture.

The paper argues that more enduring solutions to the ‘crisis’ in agriculture are derived from the concepts of sustainable agriculture, or more generically from sustainable approaches to development. This brings in a more holistic view to agriculture where attention is focused on environmental externalities emanating from agricultural production. Conventionally, attention has been focused more on addressing the negative impacts of the intensive, industrial agriculture but less on enhancing the positives. The paper reviews the environmental externalities associated with agriculture and ways of internalizing them in to the decision-making framework. Taking an example from the rice sector, it is shown how the disregard of multifunctionality contributes to the present crisis in the industry. It is shown that it is only through the maintenance of an integrated, functional ecosystem that the provision of each environmental good or services from agriculture can be assured and that such goods and services cannot be managed individually as independent commodities. The conversion of these integrated systems in to uni-functional systems due to the presence of market failures are shown to undermine the viability of the agricultural system. Incorporating these considerations in to economic reasoning can lead to policy prescriptions that have a higher likelihood of achieving results.

Key words: Agriculture sector; Sustainability; Policy prescriptions; Sri Lanka; Multi-functionality; Rice