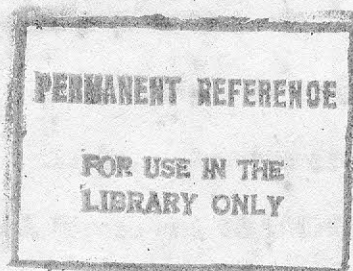


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SOME ASPECTS OF  
THE CO-OPERATIVE MOVEMENT OF CEYLON.

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## SYNOPSIS

Ceylon is an agricultural country. The plantation sector came into being in the first half of the nineteenth century under British rule. The island occupies a very low level of industrial development. Hence, it would appear that Ceylon has a lop-sided economy.

Landlessness is rampant. This problem originated during the British administration in Ceylon. With the rise of plantations, pressure of population occurred in rural areas. Fragmentation of land-holdings ensued. Laws of inheritance worsened the situation still further. The system of land tenure did not encourage the cultivator to increase food production. Whilst the area under paddy cultivation remained stationary, population was increasing, enhanced by improved measures of disease-control.

National income is low compared to that of any Western country and there exists a wide disparity in incomes. Thus, the peasant is involved in debt and he is entrapped in a vicious circle of poverty. The village boutique keeper exploits this peasant to the utmost. Banking and financial institutions in the island are traditional and hence of no use to the rural population. Nearly twenty years of economic planning has not altered the position in favour of the villager.



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Co-operation, ordinarily understood as self-help, was prevalent in Ceylon since Vijayan times in 'Rajakariya' or service to the King. Tanks were built and maintained through Rajakariya. This practice of Rajakariya was abolished by the British Government in 1833. The same Government gave a new orientation to the old practice of mutual help by passing legislation early in the present century enabling the organisation of co-operative credit societies in Ceylon.

The history of the co-operative movement of Ceylon could be broadly divided into two periods, with the year 1942 forming the dividing line. In the earlier period, the co-operative movement grew at a slow pace mainly due to a lack of knowledge in the theory and practice of co-operation, whereas after the outbreak of the second World War, the movement expanded almost overnight as a direct result of the 'Stores Drive', which comprised a part of the Emergency Measures.

Co-operative credit societies supply only an infinitesimal part of the credit needs of the villager. Co-operative Agricultural Production and Sale Societies are a misnomer. Only a handful of them have tried to increase production. Even the sale aspect has been covered to an

unsatisfactory degree. Consumers' societies in Ceylon today are merely shops where only rationed articles are brought. Multi-Purpose Co-operative Societies are very often dual-purpose, if not single-purpose institutions, in everyday practice. Thrift societies are mainly concentrated in and around the city of Colombo. Labour Co-operative experiment has been an unqualified failure. Malpractices are quite rampant in many a co-operative society.

Secondary Co-operative organisations are not adequately representative of the primary co-operatives. The Co-operative Wholesale Establishment is not a co-operative body. In certain spheres of primary co-operative activity, no secondary institutions have been set up. There are only two tertiary societies in Ceylon. Of them the People's Bank is a Government Corporation whilst the Co-operative Federation which is the highest unofficial organisation, is powerless.

In short, the Co-operative movement is no movement in the true sense of the word. It lacks integration and co-ordination. The co-operative societies are almost spoon-fed by the Government through the Department of Co-operative Development. Thus, the Co-operative movement does not appear as a People's movement. Economic plans have not specified the role of the co-operative movement.

Although the local co-operative movement is advanced compared to the co-operative movements in the South-East Asian countries, there is no gainsaying the fact that well over fifty years of co-operation has failed in Ceylon. The overall impact of the co-operative movement on the under-developed economy has been almost negligible. (1950 - 1942)

The poverty of the peasant remains about the same in spite of the fact that, perhaps, the largest variety of co-operative institutions are to be found in Ceylon. But co-operation must succeed. In this connection, an advanced study as to what extent the findings of the Rural Credit survey of India apply to Ceylon deserves serious consideration. An examination of that nature may prove to be of immense importance in attempting to make co-operation in Ceylon a success.