

## ABSTRACT

This research paper aims to extract the effects of the ethnic conflict on agriculture & small industries in the North & East of Sri Lanka. At the time of regaining Independence from the British in the year 1948, the majority Sinhalese and the minority Tamils in the country were trying to find a solution to the problem of living together as one country even with two races, being at loggerheads with each other. As time went on several Tamil youths formed their own militant groups and tried to lead the Tamil movement. The ethnic problem became more & more grave and the present conflict was aggravated in 1983. Sri Lanka has always been predominantly based on agricultural economy since ancient times. Governments after independence attempted to develop the domestic agricultural & rural industrial sector through the development of infrastructure facilities. Agriculture and small industries have always been a central part of the economy in the North & East. People are affected by the conflict in many ways including being forced to leave their homelands & familiar structures, beginning new lives in unfamiliar and sometimes hostile environments. The productivity of the agriculture and small industries sector did not show any appreciable increase during the period of conflict in the North & East. The villagers living in vulnerable areas on the border of the North & East, were internally displaced as they moved to the interior of the country to escape from terrorist attacks and skirmishes, between the security forces and the LTTE.

The growth of the North & East economy in the late 70<sup>s</sup> & the early 80<sup>s</sup> led by the boom of agriculture, industries & fisheries, came to an abrupt halt with the onset of the separatist conflict. This had adverse negative effects on all sectors of the country and livelihood, disrupting productions, marketing & industry.

In the early 1980s, the North & East have been contributing around 20 percent to the total agricultural production in the country. This region was producing about 33 percent of country's rice production, 40 percent of dried chillies, 85 percent of the red onion and 30 percent of green legumes. In addition, the North & East have contributed more than 30 percent of the total livestock production in the country and around 55 percent of the total fish production. Many of these agricultural activities have been disrupted or destroyed by the war. Apart from the destruction of agriculture activities, small industrial and services sector activities have also been destroyed by the war. In 1990s average gross incomes from paddy cultivation have been fallen considerably compared with some decreases of the productions of onions, red chillies, potatoes and green gram in the North & East. But none of these production has not come down. To the zero level during the conflict period.

Small industries sector lies in factors such as the low capital investment and limited infrastructure facilities required for these industries. Small Industries have a great potential to mobilize and divert financial resources in the economy, which would otherwise have been used for consumption purposes to useful investment purpose in rural areas of the North & East. Small industries such as hand looms, carpentry, commercial pottery, hand craft are common economical industries in most parts of the North & East. Livestock, milk production and poultry also common industries in the North & East. Fishing industry was concentrated on the coastline in the country and it was very much achievable in the North & East. Palmyra industry was a traditional rural industry, which was activated in the North & East. Since the independence up to early 80s the production of small industries in the North & East, were increased and developed up to the international market. But the periods from 1983 to 2002, the productivity and business of small industries were shown a sharp decline. The government and LTTE restrictions, limited mobility due to poor roads and the pass system, and restrictions on movement affect access to markets and sale of products. But none of these production has not come down to the Zero level during war situation.

Some people had the opportunities to change their business strategies to match the war situation & they continued on their agri-business & industries. Not only that, they had the creativity of getting the effects of the conflict for the better way for their business activities. The ethnic conflict and the continuing

security threats, have take a heavy toll on the agriculture and small industries. But few parties who were directly involved in the conflict, had given the protections for few farmers, fishermen and businessmen to conduct their activities in the North & East. Due to the lack of food items and other industrial production during the war situation some businessmen used to sell items in high price for the consumers. Even for their limited productions, they have earned good income due to the conflict situation. This study highlighted how agricultural, industrial and fishing communities whose main livelihood activities are threatened by the war, and how the problems had been generated and reproduced over the long cause of war in the North & East.

As a result of the conflict, many entrepreneurs have developed the strategies such as Offensive, Defensive , Conservative and Competitive strategies to make their day-to-day living due to the conflict situation. These strategies successfully have been able to bring up some of their living standard and the development of their agricultural and industrial business. Also the people have used marketing, Production, Finance and Human recourses strategies considering both offensive and defensive strategies as contingency plans to faced the war situation in the North & East.

The government, the LTTE and NGOs including few religious organizations have looked-after the farmers, fishermen, traders and manufactures to engaged in their business during the period of war. While the level of support activated in the LTTE controlled areas by the LTTE, the government too has protected the entrepreneurs lived in government controlled areas. The level of support by NGOs, were activated in many ways in both cleared and un cleared areas i.e. the government held areas and the LTTE held areas.

Therefore in this research, I examined, searched & submitted new facts on the effects of the ethnic conflict on agriculture & small industries in the North & East. Several methods were used for the purpose of obtaining data for this study. Primary data were collected through personal interviews conducted by the researcher with some selected senior Government Officers, staff of local NGOs and few civilians and also data was obtained from a field survey conducted in the districts of Jaffna, Vavuniya, Mannar, Trincomale

and Batticalloa. Secondary data was collected through library research by using publication, various study reports relevant to this field. "Cluster sampling" method was used to collect primary data as the total area of interest happens to be a big one. They randomly selected a number of these clusters with the unlimited sample consisting of all units in these clusters.

The ethnic conflict is embedded in and is an expression of existing social, political economic and cultural structures. For the purpose of clarity and simplicity, I have drawn the under-mentioned concept which I see as very important and relevant in explaining the situation of the North and East during the period of war. Therefore, I identified the Independent variables and Dependent variables. For this study, type of strategies, level of supporters and income generate are categorized under the independent variables. Survival on the activities, Economic development, productivity development and social life of the people are categorized under the Development variables. For this research, the period after the independence up to now (i.e. year 2006), has been divided into three main eras such as pre-war period (1948 to 1983) conflict period (1983 to 2002) and post war period (2002 to 2006).

The social life of the entrepreneurs, who are contributing to the development of agriculture and industries, have been changed due to the conflict situation in the North and East. The capacity building of the entrepreneurs was another factor to the study on changing of livelihood to match the war situation. The LTTE took over the control of the administrative structure after collapsed of the Government administrative system in the un cleared areas. To begin with, the LTTE has not set up an independent administrative system as such, that was badly effected to the entrepreneurs. The LTTE imposed direct and indirect taxes on the people of the North and East. On the other hand, involvement of the NGOs and INGOs have been increased and expanded in the North and East during the last two decades. Many NGOs through poverty alleviation programs engaged in a wide range of development projects in the North and East pertaining to health, education, agriculture, rural industrial development etc. The entrepreneurs have got many assistance from NGOs to function their agricultural and industrial activities during the war situation. Any how, the agricultural and small industrial activities were functioned more than 50% during the

conflict situation. Also the social life of the entrepreneurs was gradually increased and developed even during the war situation. The past experiences of the war situation will be benefited for future strategies in the field of agriculture & small industries. Many people have developed contingencies to face any conflict situation in the future.