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## THE IMPACT OF LAND TENURE ON LAND DEGRADATION: THE CASE OF MATALE DISTRICT

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In Sri Lanka, population growth, urbanization and introduction of neo-liberal economic policies increased the demand for land rapidly during the last two decades. The irrational allocation of lands and various human-induced activities caused to reduce the productivity of lands drastically by damaging the long-term sustainability. The land degradation- induced on-sites and-off site effects negatively influence on Gross Domestic Product (GDP), and balance of payment and creation of employment opportunities in the economy.

The ownership of land should be clearly defined in order to encourage investment on soil conservation measures to maintain efficiency in the production process. Despite the private owned lands, land mobility is restricted in majority of government distributed lands under various schemes such as '*Swarnabumi and Jayabumi*', under which lands are not transferable. Therefore, the only way to access to lands is to encroach government lands for the landless rural poor.

The main objective of this paper is to ascertain the impact of land tenure on land degradation, while highlighting the existing policy and institutional failures in the land market. The Naula DS Division in the Matale District has been selected as the suitable location to conduct this research project due to prevailing higher demand for land and encroachment in the area.

The analysis of investment behaviour on soil conservation measures in small holder farming sector in Matale District, have been conducted, by using cross sectional data gathered from the farm survey and secondary data collected from published sources. An econometric model was built to analyze the relationship between selected variables such as cost of investment on soil conservation, land tenure, size of land, cultivated crops, soil type and slope of land.

The analysis of the study shows that the absence of a clear land ownership reduces the investment of soil conservation. It will indirectly aggravate both on-site and off site damages of environment, which costs to the long-term suitability of the economy. Based on the results, indirect macro (i.e. trade-tariff, fiscal incentives-e.g. 'Pigouvian subsidies' and disincentives-e.g. Pigouvian tax'; and monetary-micro finance) policies, direct macro level complimentary agricultural and environmental policies and community based projects and programmes can be suggested to reduce the land degradation-induced environmental damages.