

# Capital Accumulation in the Periphery: Notes from an Interview with a Nawalapitiya Businessman

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## Editor's Note:

*The Field Diary section aims to document and disseminate some of the rich field experiences that SSA's researchers share with us during the course of their fieldwork. As the reader will see, the style of these notes is rarely explicitly analytical. Instead, drawing inspiration from ethnography, it aims to document and reflect on the researcher's field experiences for a more extended analysis later. In this interview conducted with a wealthy business figure in Nawalapitiya, Mark Schubert presents a fascinating account of some ways in which capital is accumulated in what may appear to be a peripheral town in Sri Lanka - Nawalapitiya. The respondent is a key figure in the politico-economic landscape of Nawalapitiya who rose to his current heights within a span of approximately 15 years. All names (except of public figures mentioned in his account) have been changed in this adaptation.*

Ajith is the owner of a four star hotel in Nawalapitiya. He is 46 years old and one of the wealthiest businessmen in Nawalapitiya. He has only been educated up to the sixth standard. He comes from a family of businessmen. His grandfather had eight sons and owned a small *sillara kade*<sup>1</sup> in Nawalapitiya. His uncle also owned a *sillara kade* in the town. Ajith's grandfather was originally from Matara. However, his father was a minor employee at the *Samupakaraya*<sup>2</sup>. In spite of the relatively stable economic status of the rest of his family, his father found it difficult to hold a job. He eventually lost his job at the *Samupakaraya* due to his drinking habits. Thereafter, Ajith's father had started working at a *sillara kade* owned by one of his relatives. His mother owned some property in Matale which they had to move into in the late 80s due to problems caused by his sister's involvement in the JVP. His family's economic condition was very weak at this time.

By the age of 17 (around the late 80s) Ajith had moved with his family to a small house in the same compound as his grandfather's house in Nawalapitiya. Ajith's uncle owned a small *sillara kade* in Nawalapitiya. He was slightly better off than Ajith's father. Ajith's uncle was the one who bought Ajith his school books. He would go to school from his uncle's house. However, due to Ajith's strong-headed nature, his uncle had asked him to leave. For a short while, Ajith managed to join the army by lying about his age. When he returned from the army, he tried to find work in Nawalapitiya. He worked as *golaya*<sup>3</sup> for a friend of his called Shantha, who was a mason. Consequently, Ajith lived in the house of a contractor named Nishantha. He lived three years in Nishantha's house. During this time Nishantha's father died. At the funeral house he met Anusha whom he married at a later date. He got married at the age of

19. He did not have enough money to have a grand wedding. After marrying, he and his wife moved in to the now vacant house on his mother's property in Matale.

Around this time, Ajith found work with worked at Priyankara, who was the local 's (the haal mudalali . He) shop and earned 750/= a day by working in Priyankara's shop. He would stay in Nawalapitiya during the week and go back to Matale over the weekend. He later negotiated and had his wage increased to 1,000/= a day. After he had his first child, he managed to negotiate a raise from Priyankara and was paid Rs. 1,250/= a day. However, there were conflicts between his wife and mother and so he was forced to move out of the house in Matale and move his family to Nawalapitiya.

Nishantha had managed to secure a small plot of reservation land reservation and and 3,000 sheets of timber, which he gave Ajith to put up a small structure on that land and open a small sillara kade. Ajith's friend Shantha gave him a trishaw to drive. Ajith made an arrangement to pay Shantha 6/= per km, as well as for the petrol. At this point he was driving the trishaw while his wife ran the shop. He did not even have enough money to buy new clothes for his daughter, and he therefore had to rely on the old clothes of Priyankara's daughter which the latter passed on to him.

Around this time he got 400 block gal (cement bricks) and some asbestos sheets from a leading UNP politician in Gampola. Ajith and family were ardent supporters of the UNP during this time. He built a small room next to the shop with this. During the new year season he earned a lot more money from his shop and through driving his trishaw. He carefully saved and was soon able to buy another three wheel for about Rs. 55,000/=. He believes he was able to do this because he was prudent enough to save wisely rather than spend foolishly. He also was appointed the president of the Trishaw Association.

After around one year had passed he had saved another 75,000/= - 100,000/=. Around this time he heard news that his grandfather was looking to sell his sillara kade in Nawalapitiya. Ajith decided to buy the shop from his grandfather. He sold his mother's house in Matale. With this money and his savings from the shop and the three wheeler, he was able to purchase his grandfather's shop. The shop had about 150,000/= worth of goods. Ajith was a fairly popular and well known man in town and the mudalalis in the area personally donated money to him when he was going to open his shop. Once the shop was up and running, he was easily able to purchase goods on credit from these mudalalis due to his good

relationships with them. As his business improved, he was able to buy 10 more perches of land next to his small house. He started building his house there. Then he bought another trishaw. He would drive one of the trishaws himself and between the trishaws and the shop, Ajith's economic situation began to improve. He also started dabbling in other small business ventures. He would offer his services as a broker for lands and earn some money in that way. Eventually, he saved enough money to buy a dolphin van as well.

One day Ajith was informed of a building on the Kothmale road. There were squatters in this building. The owner of the building informed Ajith that if he could get the squatters out of the building, he would sell it to Ajith for 350,000/=. After some randu bandu Ajith was able to expel the squatters. He invested some more money in repairing the building and altogether spent about 500,000/= to own the building. He tried to use the building to have a private clinic with two doctors. Unfortunately, it didn't work out. A senior officer at Sri Lanka Insurance Corporation saw the building and liked it. Ajith sold the building to him (who represented the organization) for around 150,000 thereby making a profit of a lakh . His business gradually developed and he continued to purchase property in and around Nawalapitiya. He finished building his house after six years. Ajith identifies this business dealing as the moment in which his business began to expand. Using the profit from the sale of the building, Ajith started buying more property in the town. He managed to buy 5 acres of land near a river in Nawalapitiya and decided to build a hotel there. He wanted to build a high quality hotel that was priced relatively cheaply because he identified economy as the most critical factor in tourist decisions. While building the hotel, the local MP had visited him and advised him against his plan of building a single building with rooms. On the MP's advice, he had changed his original plan and constructed chalets surrounding the hotel.

One of the properties was able to purchase was a timber mill in the town. Through the timber mill he was able to befriend Kumara, who supplied timber to mills in the town. One of the major difficulties Kumara faced was that owners of heavy vehicles were reluctant to rent out their trucks to Kumara since they saw him as competition. When Ajith found out about this, he stepped in to help Kumara finance his first truck. These investments have helped Kumara's business to grow. Ajith and Kumara are now business partners. Kumara looks up to Ajith and says that he listens carefully to every word Ajith says because he can always learn more by following the path that Ajith has taken.

One of Ajith and Kumara's most recent business ventures was their investment in a petrol shed in the Nawalapitiya town in 2013. They had finally completed construction activities on the shed in 2015. However, they have yet to open the shed. Following the election of the new government in 2015, they have faced extreme bureaucratic difficulties to gain the necessary approvals to begin business activities. The inspection process had taken almost a year. Following the inspection, the business partners were informed that they had to obtain the approval of 10 government institutions including the Labour Department. When he went to the Labour Department he had been asked why he needed the permission of the Labour department to build a shed. Out of the 10 government institutions he had to get approval from, he claimed that he had to bribe 8. He even had to provide payment to obtain a letter that had to be issued to him by law. Having gone through all of this, they had finally hoped that they would be able to clear all hurdles and open the shed. However, once the inspection was finished, they had been asked to submit an amended plan. This was because according to the original plan the foundation was supposed to be completed using kalu gal but he had used concrete instead. It had taken them nearly two years to finally get all the approvals in place to open their petrol shed. Both Ajith and Kumara had hoped that the shed would contribute to the development of the Nawalapitiya town but are sickened by what they perceive to be the self-serving corruption of local bureaucrats and petty politicians.

Ajith detests government servants and institutions. He insists that 65%-70% of them are corrupt, and that "they only work for bribes". According to him there are very few government servants who are actually good. He believes that Pradeshiya Sabha and Urban Councils top the list for the most corrupt government institutions. Regardless of your good intentions he believes that they will try to prevent you from getting the job done. He also believes that the levels of corruption in the area have increased by about 25% after the new government came to power in 2015. He compares this period with the ease of business under the previous regime. He insisted that it was much easier for businesses during the time the local MP was in power in Nawalapitiya. He did not need to pay bribes to get his work done back then. Government institutions would ensure that the work was done efficiently. During the previous government people would approach Ajith and ask him to get things done for them in various government institutions. He only had to ask government servants and the work would get done within 15 minutes. Sometimes he would go with the people to the Pradeshiya Sabha

on mahajana dinaya. It is only now that things get unnecessarily complicated when obtaining approvals. Ajith did mention however that his close ties to the local MP had had its repercussions. He has been asked to appear before the FCID many times to give evidence against the MP. He is accused of owning property on behalf of the MP. He had presented accounts of how and on what his money was spent, but he is yet to see what happens.

Ajith argues that in order to change a country, merely overturning the government is not sufficient. He believes that the government officials also need to be overturned. His analysis of what has taken place in Sri Lanka after January 2015 is that there has been an increase in the power of officials. These officials have been placed in a higher position than they were during Mahinda Rajapakse's time. He is opposed to the eka ge keama taking place at the moment, where both parties are in power. He thinks there should be one proper leader whose orders will be followed, and the lack of this has resulted in many undesirable situations. He also feels that corruption has increased significantly after January 2015 because of this eka ge kaema.

Ajith is also conscious that the economic power of Muslims has increased in Nawalapitiya. According to him, "Muslims have surrounded Nawalapitiya". They are very united and therefore can do business better. The Sinhalese unfortunately are too busy fighting among themselves to develop. Furthermore, Ajith believes that government institutions support the businesses of Muslims rather than those of Sinhalese.

Ajith is convinced that that government institutions are now operating to serve the interests of businessmen from Colombo. He believes that it is businessmen like Dhammika Perera who are benefitting from the added layers or bureaucracy in State institutions. He believes that this is coming at the expense of businessmen from the village and is increasingly reducing their capacity for expansion and development. Citing an example for this, Ajith talks about a venture he and Kumara have been trying to pursue since 2011. They were both interested in setting up a mini-hydro power plant in the area. The Central Environmental Authority just will not grant them approval. They do not accept bribes, and neither do they give out decisions quickly. He has had to spend more than 75,000/= to get their approval, and he still has not received it. They keep asking him whether he has the capital to construct the power plant. Ajith's point is that such concerns should not be considered by the Environmental Authority which is supposed to assess the environmental impact of his project proposal. He feels that the Central Environmental Authority is

dragging its heels because it wants to give the reports and feasibility studies that he has paid for to a wealthy Colombo businessmen. He dismisses the notion that the UNP is a pro-business party. Rather, he asserts that the UNP is only favorable to Colombo-based business interests. Rural businessmen developed far more under the previous government than the UNP. According to him, under the UNP regime, the rural businessman has binduwatama wetila .

Ajith is very shrewd in managing his property. Only a fraction of his wealth is in banks. That too has been invested in four different banks. He doesn't want to put all his eggs in one basket because then if he makes a mistake he could lose everything he has worked hard to earn. Even the deeds he has placed in the bank are only for half of the property. He keeps the deed for the other half of the property with him. He has made sure that he is secure against losing his property to banks. He has also bought a 400+ perch plot of land in Nuwara Eliya where he hopes to put up a hotel. He says that the room charges will not exceed 15,000/= because at the end of the day people look at the cost more than everything else.

Ajith is of the opinion that micro-credit institutions are destroying the face of rural Sri Lanka. He narrated a story where a trishaw driver he knew had been asked by a lady who was not a "wesa geni" if there was any way at all she could earn 2,200/= a day to repay her loan. He believed that the activities of micro-finance groups have affected countless other women like this. He believed that it should be made mandatory to get the approval of the GA of the area and of the woman's husband before she was allowed to take a loan from a micro-finance group.

Today, Ajith is one of the top ten businessmen in Nawalapitiya. He is a land owner. He owns multiple properties. The contractor who he once worked for as a laborer now builds his houses and properties. When asked why he succeeded and the haal mudalali and others who helped him develop have not, he argued that they had not diversified their business. He on the other hand had diversified and taken some risks. That is why he was able to develop so quickly. He owns a house in Kandy though he spends the week working in Nawalapitiya. When he goes to Kandy for the weekend he spends at least a day reading all the newspapers for the week. This is how he keeps up to date with what is going on in the country. He is extremely critical of SAIMT and believes its wrong that 300 students are holding an entire country hostage.

Today his eldest daughter is in her final year at Law College. His second daughter is pursuing a degree to become a pharmacist. His youngest two children are still in school. Ajith doesn't believe he is cut out for the 'red carpet.' But he wants his children to be. He says it is important for them to be set targets. As far as possible, as a father he has done his best to ensure they can achieve this by sending them to good schools in Kandy and supporting their higher education. Finally, he doesn't believe education is important to make it in life. He feels that three things are crucial for success – effort, trust, and 'experiences amongst society'. It was with these three that he gained the economic capital he enjoys today

### Notes

1 Retail shop, boutique

2 Cooperative

3 Helper

4 Merchant whose main business is the selling of rice

5 Merchant; particularly in this instance the chief merchant of the town

6 Small fights

7 Gneiss

8 The local MP lost his seat during the 2015 General election. However, he was subsequently appointed to Parliament through the national list. He is currently under investigation for corruption

9 Public Day

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10 Financial Crimes Investigation Division

11 Polygamous arrangement; in this instance refers to two rival parties co-habiting the government for power

12 Dhammika Perera is a very prominent figure in the Sri Lankan business sector, popularly believed by many to be the wealthiest businessman in the country. Having started with electronic manufacturing, he moved on to car sales and shipping, and currently has expanded the reach of his empire to acquisitions, not to mention numerous other areas such as hospitality, energy, banking, and so on. Currently, 8% of the listed companies in the country belong to him, along with many other unlisted assets. Under President Rajapakse, Perera held many positions including Chairman of the Board of Investments and Secretary of Transport. An open opponent of the LTTE and supporter of Rajapakses's military campaign against it, many attribute Perera's rise to his affiliation with the President and the economic opportunities it afforded him in the post-war business landscape.

13 Literally means 'gone down to zero', implying that the situation has hopelessly declined

14 Prostitute; in this instance a woman of bad character