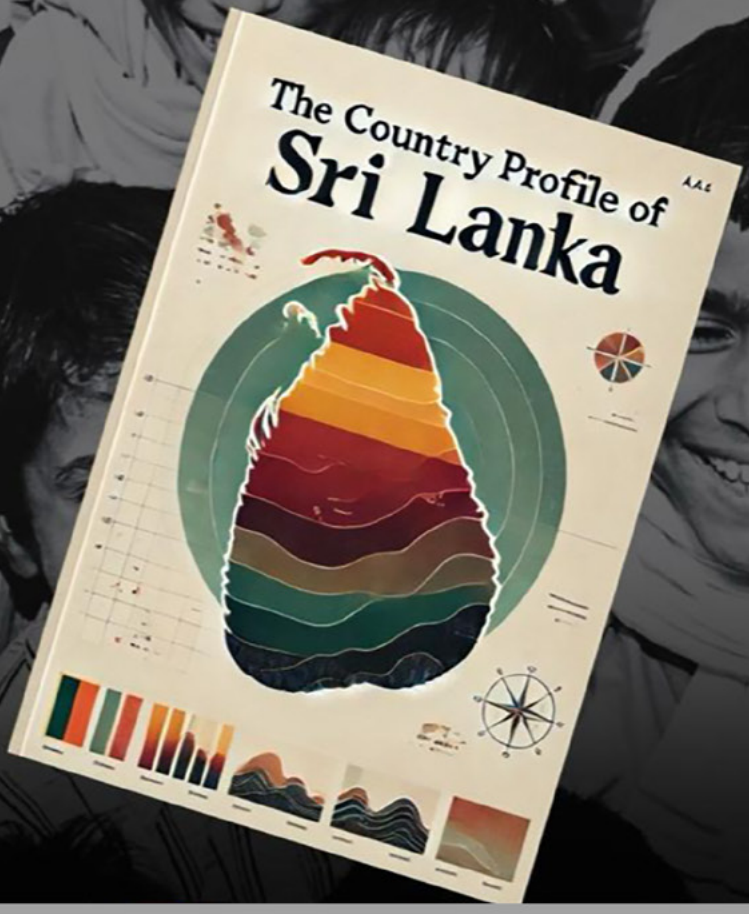
The Country Profile

SRI LANKA



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Foreword

It gives me immense pride and satisfaction to present "The Country Profile Sri Lanka", a comprehensive and informative resource that provides a detailed contextual analysis of Sri Lanka. This publication deep into the multifaceted dimensions of our nation, encompassing social, economic, political, environmental, cultural, educational, and health sectors. With a wealth of statistical data and evidence-based insights, this book is a resourceful tool for all who are engaged in the humanitarian field, policy development, and community upliftment.

Sri Lanka is a country of unparalleled beauty, rich cultural heritage, and a resilient population. Yet, it is also a nation that has faced numerous challenges, from economic disparities and political transitions to social inequalities and environmental concerns. Understanding these complexities is significant for anyone striving to contribute meaningfully to the development and well-being of our communities. This publication serves as a bridge to this understanding, offering readers a clear and precise portrayal of the country's realities and opportunities.

This remarkable initiative has been made possible through the collaborative efforts that Caritas Sri Lanka – SEDEC had with the Institute of Applied Statistics Sri Lanka, and with generous financial support of Caritas Asia. The partnership among these organizations reflects our shared commitment to equipping individuals and institutions with the knowledge required to create a positive impact.

Let us move forward together, guided by compassion, collaboration, and a shared vision of a brighter future for all Sri Lankans.

Rev. Fr. Luke Nelson Perera
National Director
Caritas Sri Lanka – SEDEC

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Sri Lanka: The Country Profile

Summary

Introduction

Sri Lanka, an island nation in South Asia, has undergone significant economic and political changes in recent years. Following the economic crisis of 2022, the country has implemented structural and fiscal reforms to restore macroeconomic stability and drive sustainable growth. The government has placed emphasis on financial stability, digital transformation, trade expansion, and sustainable development, while addressing key challenges such as public debt, climate change, external financing constraints, and socio-economic disparities.

Macroeconomic and Financial Overview

The Sri Lankan economy experienced a contraction of 7.3% in 2022, followed by a 2.3% decline in 2023, before showing signs of recovery. According to the World Bank, GDP growth is projected at 4.4% in 2024, stabilizing at 3.0%–3.5% in 2025–2026, contingent on the successful implementation of fiscal reforms, debt restructuring, and trade expansion strategies. Inflation, which peaked at 69.8% in 2022, has significantly declined to 0.5% by mid-2024, owing to tight monetary policies and exchange rate stabilization. The Sri Lankan Rupee appreciated by 10.8% in 2023, following a sharp depreciation of 81.2% in 2022.

The IMF's Extended Fund Facility (EFF) continues to guide Sri Lanka's economic stabilization strategy, focusing on revenue-based fiscal consolidation, efficient public financial management, and debt restructuring. Government revenue increased by 42.6% in 2024, following VAT rate hikes and the removal of exemptions, helping to achieve a primary fiscal surplus. Nevertheless, challenges remain, particularly in managing external debt, which continues to be restructured in negotiations with international creditors.

Socio-Demographic Indicators

Sri Lanka has a population of approximately 22 million, with a median age of 34 years. The country's urbanization rate stands at 18.9%, reflecting

a largely rural population. The human development index (HDI) score is 0.782, ranking Sri Lanka among the highest in South Asia in terms of health and education outcomes. However, disparities persist in income distribution, regional development, and social mobility. Life expectancy at birth is 77.2 years, with a declining birth rate and an aging population presenting challenges for long-term social security and workforce sustainability.

Labour Force and Unemployment

Sri Lanka's labour force participation rate stands at 49.8%, with a significant gender gap (70.5% for men vs. 32.1% for women). Informal employment remains high at 57.4%, which limits access to social security and financial stability. The unemployment rate stands at 5.2%, but youth unemployment is significantly higher at 23.6%, underscoring the need for labour market reforms, vocational training programs, and improved workforce productivity.

Education and Healthcare

The government has prioritized education reforms to enhance learning outcomes, including increased investment in digital education and vocational training programs. University enrollment rates have improved, particularly in STEM education. Meanwhile, the health sector faces challenges related to resource constraints, rising healthcare costs, and an aging population. Policies are being implemented to improve public healthcare access, enhance primary healthcare facilities, and ensure universal health coverage.

Government Revenue, Expenditure, and External Sector

Sri Lanka's fiscal deficit has been significantly reduced through revenue-based fiscal reforms, with major revenue increases stemming from higher VAT rates, corporate tax adjustments, and enhanced public sector efficiency. The government's public debt-to-GDP ratio remains high, necessitating continued fiscal discipline and efficient financial management.

The external sector showed improvements in 2024, with higher export earnings, increased remittances, and a recovery in the tourism sector. The government's flexible exchange rate policy has helped stabilize the Sri

Lankan Rupee, reducing trade imbalances. Trade diversification remains a priority, with enhanced trade agreements with ASEAN, India, and China.

Key Economic Sectors and Growth Prospects

1. Diversifying the Economy
Economic diversification is crucial for Sri Lanka's growth, reducing reliance on traditional industries. The National Digital Economy Strategy 2030 aims to promote fintech, e-commerce, and digital services, positioning Sri Lanka as a technology-driven economy. Renewable energy investments, particularly in solar and wind power, are expanding to strengthen energy security.

2. Fiscal Reforms and Debt Sustainability
The IMF's Extended Fund Facility (EFF) program continues to guide long-term debt restructuring, improved tax collection mechanisms, and fiscal deficit reduction to enable future social sector spending and investment in economic resilience.

3. Trade and Foreign Direct Investment (FDI)
The government is strengthening Sri Lanka's position as a regional trade hub by expanding port infrastructure, airport connectivity, and trade relations with India, China, and ASEAN nations. The Colombo Port City project remains a key initiative for attracting foreign direct investment (FDI) and integrating Sri Lanka into global supply chains.

4. Digital Economy and Financial Technology
Broadband access and digital financial services are rapidly expanding, modernizing the financial system and promoting financial inclusion. The government has prioritized blockchain technology, AI-driven digital payments, and cybersecurity advancements to foster innovation.

Environmental Sustainability and Clean Sri Lanka Initiative

The Clean Sri Lanka initiative, launched in January 2025, aims to promote sustainable waste management, pollution control, and climate resilience. The initiative integrates renewable energy projects, environmental awareness programs, and infrastructure for sustainable urbanization. Additionally, Sri Lanka continues to invest in climate-resilient

infrastructure and disaster risk mitigation programs to address climate change challenges.

Political and Governance Reforms

The 2024 Presidential and Parliamentary elections resulted in a major political shift, with the National People's Power (NPP) securing a two-thirds majority. This allowed for major legislative and institutional reforms, including:

- Public Debt Management Act (2024) – Establishing a Public Debt Management Office (PDMO) to oversee debt restructuring.
- Public Financial Management Act (2024) – Enhancing transparency and accountability in government spending.
- Economic Transformation Act (2024) – Preventing macroeconomic mismanagement and ensuring sustainable economic policies.
- The government is also pursuing constitutional reforms, including the abolition of the executive presidency in favor of a parliamentary governance model, to enhance democratic governance.

Conclusion and Future Outlook

Sri Lanka's economic recovery remains fragile but shows strong signs of stabilization. Sustained implementation of fiscal policies, digital transformation, trade diversification, and investment in key industries will be vital in ensuring long-term economic growth and financial stability. The projected 4.4% GDP growth in 2024, followed by moderate stabilization in 2025–2026, depends on the successful implementation of economic reforms and external financing strategies.

With continued economic policy implementation, Sri Lanka is well-positioned to achieve long-term economic resilience and sustainable development, addressing socio-economic inequalities while fostering innovation and global integration.

CHAPTER I
Gross Domestic Product and Economic Growth

1.1 Gross Domestic Product

Sri Lanka's GDP has seen significant fluctuations in recent years due to a combination of factors such as the COVID-19 pandemic, economic mismanagement, and ongoing political instability. The key sectors contributing to GDP include agriculture (7-8%), industry (26-28%), and services (58-60%), with the service sector, especially tourism, being heavily impacted. The economic situation remains challenging with further contractions predicted for 2023. Sri Lanka's economic growth rate was strong in 2016 and 2017, but faced its worst economic crisis in 75 years. Unsustainable debt and a balance of payments crisis impacted growth and poverty reduction. The IMF's World Economic Outlook reported a 3.3% decrease in 2020 due to the Covid-19 pandemic, affecting Sri Lanka's economic performance. However, growth was reported as -2.3% in 2023.

1.1.1 Sectoral GDP

Services accounted for 60% of Sri Lanka's economy and industry and agriculture sectors accounted 28% up and 8% respectively in 2022. The service sector has an upward trend throughout time, although the industry and agriculture sectors have not shown such a growth in the economy.

Service sector includes sub-sectors such as tourism, telecommunications, banking and finance, IT and IT-enabled services, and transportation etc. Tourism, in particular, has been a significant driver of economic growth in Sri Lanka, although it has been impacted by events such as the Easter Sunday attacks in 2019 and the COVID-19 pandemic.

The industrial sector encompasses manufacturing, construction, utilities, and mining. Sri Lanka has seen growth in manufacturing industries such as textiles and garments, processed food and beverages, and electronics. Construction activities have also been significant, driven by infrastructure development projects.

Agriculture has traditionally been a significant sector in Sri Lanka, contributing to both GDP and employment. Key crops include rice, tea, rubber, and coconut. However, the contribution of agriculture to GDP has been gradually declining over the years as the country diversifies its economy and moves away of the young generation from the sector.

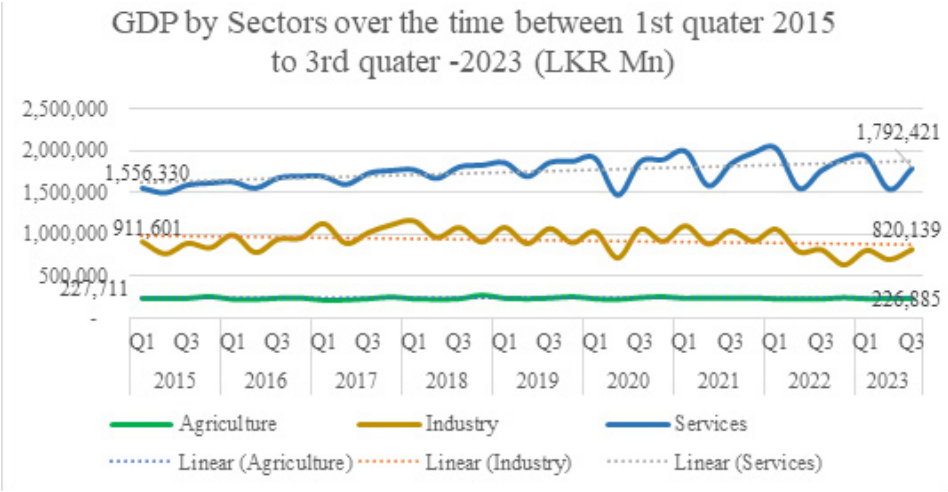


Figure 1.1: GDP by sectors over the time between 1st quarter 2015 to 3rd quarter 2023.
Source : CBSL

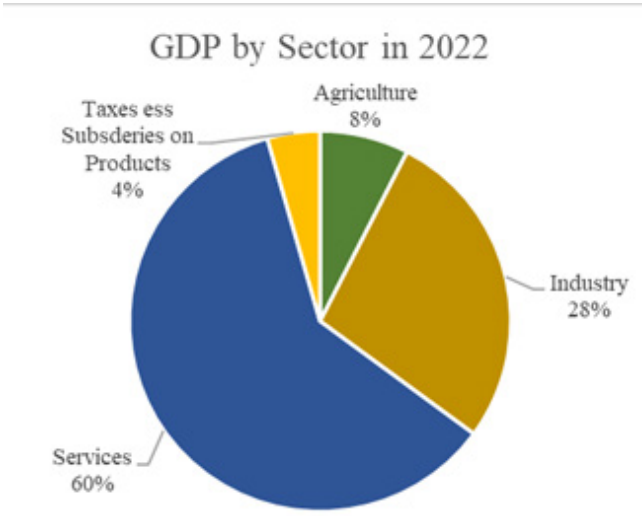


Figure 1.2: GDP by Sector in 2022
Source: CBSL

1.1.2. GDP Per capita

GDP per capita is often considered an indicator of a country's standard of living. Sri Lanka is classified as a lower-middle-income country. The country's per capita GDP fell from US$4,372 in 2018 (upper-middle-income countries) to US$3,474 in 2022, leading to a drop in income status. The declining trend in per capita GDP has been evident since 2017, even before the COVID-19 pandemic.

The Sri Lankan rupee's value plummeted from US$1 = LKR 136 in 2015 to around US$1 = LKR 314 in 2022 due to the government attempted to float the currency and economic crisis.

Meeting the demand for higher-level skills to boost productivity is crucial for the country's efforts to restart the economy and reclaim upper-middle-income countries' status after the 2022 triple crisis (fuel, food, fiscal) and amidst ongoing economic, technical, and demographic developments.

Figure 1.3 : Per capita GDP at Current Market Price (US$)
Source: Central Bank of Sri Lanka

Compared to the South Asian region Per Capita GDP is highest in Sri Lanka.

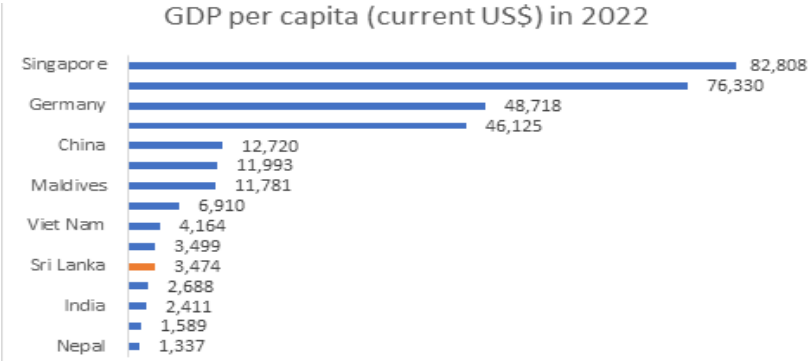


Figure : 1.4: GDP Per capita in selected countries - 2022
Source: World Bank Group

1.1.3 GDP by Provinces

The graph below depicts the nominal GDP in 2022 (base year 2015) per province. There are nine (9) provinces, with the Western Province accounting for around 46% of overall GDP, while the Northern Province contributes only 4%. However, all other provinces' GDP is much smaller than the Western province, which contributes between 12% and 5% of the total.

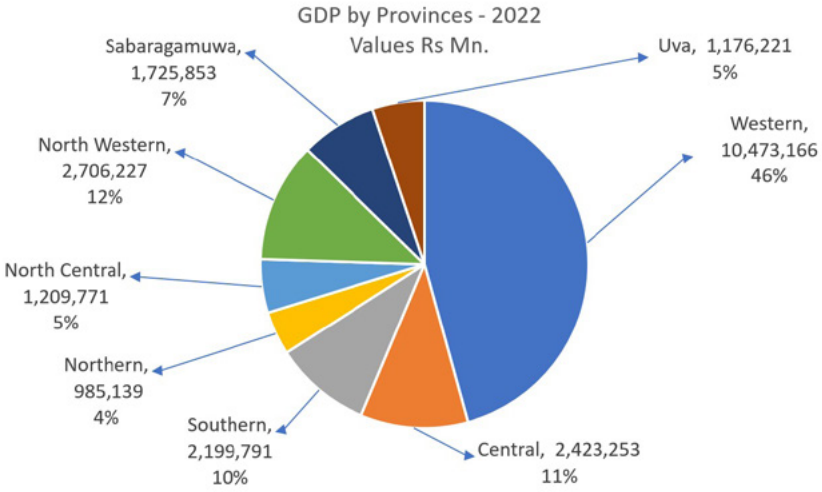


Figure 1.5 : Percentage of Nominal GDP by Provinces- 2022 Source: CBSL
Source: CBSL

1.2 Economic Growth

The economic growth rate was strong in 2016 and 2017, exceeding 5%. As the economy of Sri Lanka comes under increasing pressure with its worst economic crisis in nearly 75 years of independence, its impact on the social conditions of the people continues to grow. Sri Lanka has to deal with unsustainable debt and a severe balance of payments crisis, both impacting economic growth and poverty reduction.

According to the World Economic Outlook of the IMF published in April 2021 the world economy recorded its worst recession in decades while decreasing the economy by 3.3% in 2020 compared to 2019 (International Monitory Fund, 2021). This was mainly due to the global pandemic and the terrible loss of lives and livelihoods. As in the case of many countries in the world Covid-19 pandemic influenced Sri Lankas' worst economic performance in 2020 which decreased by 4.6% compared to 2019 (Central Bank of Sri Lanka, 2022). However the economic growth was reported as - 2.3% in 2023.

Figure 1.6: Annual GDP growth
Source: CBSL

Figure 1.7: Real GDP growth by quarters (Y-o-Y)
Source: CBSL

On April 21, 2019, three churches in Negombo, Batticaloa, and Colombo, as well as three luxury hotels in Colombo, were targeted in a suicide bombing by a militant group. More than 250 individuals, including foreign nationals, were killed as a result of this horrific tragedy, with an estimated 500 injured. The attacks had a significant impact on the tourism industry and other sectors, including air transportation, domestic transportation, wholesale and retail trade, food and beverage services, leisure and entertainment, food and beverage manufacturing, and agriculture.

As a curfew hampered economic activity and global demand fell, an extraordinary loss in the second quarter -2020 which was severely affected

contractions in construction, manufacturing, tourism, and transportation and it led to 17% drop-in economic activities (y-o-y). The fertilizer ban was imposed through Sri Lanka's Import and Export Control Act on May 06, 2021. Even though Sri Lanka has lifted a ban on the import of chemical fertilizers with effect from November 30, 2021 while promoting organic fertilizer which disrupted domestic agriculture sector growth and threatened food availability, there is a huge scarcity in fertilizer as an agricultural input. In August 2021, Sri Lanka declared a food emergency as forex crisis worsen (Department of Government Information. (2021)). Due to dollar scarcity and unfavorable trade deficit the government attempted to make import restrictions and tariff increases intermittently since 2021.

Sri Lanka's economic outlook is filled with uncertainty due to the country's unstable political scenario and increased fiscal, external, and financial sector imbalances. The growth prognosis is highly unpredictable and will be determined by the pace of fiscal reduction, debt restructuring, and growth-enhancing structural changes. The monetary policy implemented has been effective to control the inflation to a certain extent. However, a price stability cannot be expected until the economy is stimulated for higher growth. . The fiscal deficit is predicted to steadily decrease over the medium term as a result of consolidation measures. The current account deficit is likely to fall as imports are compressed. In April 2022, the country announced its intentions to default on foreign debt settlements in the face of dwindling foreign reserves and acute shortage of imported essentials.

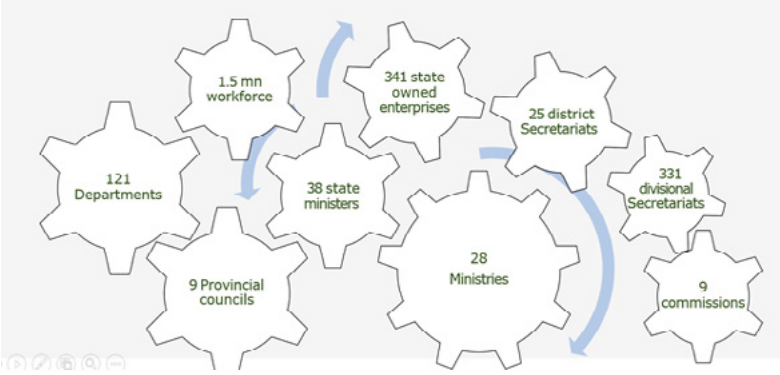
Key downside risks include a delayed debt restructuring procedure, insufficient external finance help, and a prolonged recovery from the crisis's devastating impacts. To keep inflation under control, fiscal austerity must be combined with tighter monetary policy. Significant debt restructuring is required to reestablish a manageable debt level. Given its considerable reliance on the public sector, the financial industry must be regulated with caution. The essential macroeconomic reforms may initially have a negative impact on growth and poverty, but they will rectify macroeconomic imbalances, help recover access to international financial markets, and lay the groundwork for long-term progress.

Mitigating the effects on the poor and vulnerable is crucial during the transition period. Poverty reduction will necessitate an increase in employment in industry and services, as well as a recovery in real income worth. On the plus side, a credible reform program backed by financing from international partners might boost trust and attract new capital inflows.

However, Sri Lanka's economic reform initiative is beginning to show results. Real GDP increased by 1.6 %year on year in the third quarter of 2023 marking the first expansion in six quarters. Gross international reserves climbed by USD 2.5 billion in 2023, with preliminary statistics indicating stronger fiscal income collections in the fourth quarter of 2023 (International Monitory Fund., 2024). The Department of Census and Statistics (DCS) estimates that the economy grew by 4.5% year-on-year in Q4 2023, following a sluggish 1.6% year-on-year increase in Q3 2023. The economy contracted by just 2.3% in 2023, down from 7.3% (revised) in 2022, thanks to positive growth in the second half of the year. But, hampering the textiles industry will affect negatively on economic growth. However, the growing trend is projected to continue in the following quarters (Central Bank of Sri Lanka ,2024)).

1.3 Economic Growth and Complex Political Environment

As the tensions within the coalition government remain high, there will be heightened instability in the political system. It is influenced by various factors including historical, ethnic, economic, and international elements etc. The downturn in the textile sector will have a negative influence on the economy. Sri Lanka has been able to get "in-principal" approval for debt restructuring from its bilateral creditors, including India and China, actual debt restructuring. However, a robust rebound in tourism receipts will aid the recovery in the longer run economy. A lack of structural transformation will slow economic development.



Investment, both foreign and domestic, is crucial for providing capital and infrastructure, though the country has struggled to attract sustained FDI due to political instability and regulatory challenges. Innovations and technological advancements are essential for boosting productivity, but limited progress in R&D hampers growth.

Human capital, including education and health, plays a significant role in enhancing productivity and employability. Effective governance and a transparent regulatory environment are vital for economic stability and investor confidence. Additionally, infrastructure development supports economic activities, while external factors such as global economic conditions and debt management impact overall growth. Addressing these factors comprehensively is vital for Sri Lanka's sustainable economic development.

Sri Lanka's political environment has been marked by frequent changes in government, policy inconsistency, and significant public unrest. The country's history of ethnic conflict, most notably the civil war that ended in 2009, has left deep-seated divisions that continue to affect national politics. In recent years, political instability has been exacerbated by widespread public protests, government corruption, and economic mismanagement. The 2022 crisis, for example, was driven by controversial policies such as the sudden switch to organic farming, which severely impacted agricultural productivity, and the depletion of foreign reserves due to unsustainable fiscal practices.

With both presidential and parliamentary elections slated to take place in 2024, political instability will persist owing to potential collusion between main parties. Following President Gotabaya Rajapaksa's resignation in 2022 amid widespread protests over economic mismanagement, President Ranil Wickremesinghe's administration has been grappling with a severe economic crisis marked by high inflation, shortages of essential goods, and debt defaults. Efforts to stabilize the economy, including negotiating debt restructuring and implementing austerity measures, have faced public resistance. The government's relationships with international organizations and neighboring countries are crucial for securing financial aid and support, but political instability and slow economic recovery continue to pose significant challenges. However, there remains hope that with continued reform efforts and external support, Sri Lanka can gradually stabilize and rebuild its economy.

1.4 Agriculture Sector

Although the agriculture sector contributes only around 7%-8% to Sri Lanka's GDP, its development is vital for the nation's progress towards sustainability. Agriculture engages more than 22-25% of the labor force and serves as a key provider of inputs for both the industrial and service sectors. Deeply intertwined with the country's cultural heritage, agriculture also plays a critical role in economic stability.

Over 20% of Sri Lanka's exports are agricultural products, making it essential for conserving foreign exchange. Additionally, agriculture is central to ensuring food security, nutritional well-being, and income generation for rural communities, underscoring its importance to the nation's overall development. Developing countries, including Sri Lanka, are facing many challenges in their agriculture sectors like low productivity and access to technology and finance, Infrastructure deficiencies, market inefficiencies Climate Vulnerability and the farming community is aging, and the younger generation is leaving the agricultural business and land fragmentation etc. These multifaceted challenges affect food security, rural livelihoods, and the overall economy.

Table 1.1 Agricultural Exports in 2023 , Value (US$ Mn)

	Value US$ Mn	Share (%) in total exports
Agricultural exports	2,567	21.5
Tea	1,310	11
Spices	393	3.3
Coconut	337	2.8
Seafood	262	2.2
Minor Agricultural Exports	181	1.5
Unmanufactured Tobacco	28	0.2
Rubber	28	0.2
Vegetables	28	0.2

Source: Central bank of Sri Lanka

In Sri Lanka, crops are broadly categorized into field crops, horticultural crops, and plantation crops.

1.4.1 Field crops and Horticultural crop Production

Field crops such as paddy, which is grown on around 1.1 million hectares, yield over 4 million metric tons annually, making it the most significant crop. Maize and pulses like cowpea and green gram are also key field crops, with maize production reaching approximately 236,000 metric tons in 2022.

Horticultural crops include a variety of vegetables and fruits, such as carrots, cabbage, and bananas, with the latter being a major fruit crop. Plantation crops, primarily for export, include tea, which produced about 275 million kilograms in 2022, along with rubber and coconut.

These crops form the backbone of Sri Lanka's agriculture, contributing to both domestic consumption and the export economy. Horticultural crop production in Sri Lanka varies significantly by district, with different areas specializing in distinct crops due to climatic and geographical conditions. Districts like Nuwara Eliya and Badulla are renowned for temperate vegetables such as carrots, leeks, and cabbages, while lowland regions like Hambantota and Monaragala focus on tropical fruits, including mangoes and papayas. Major fruit-growing districts include Gampaha and Kurunegala, where bananas and pineapples are prevalent.

Vegetable production is concentrated in Matale and Kandy, which contribute to the country's overall supply of both highland and lowland vegetables. As for floriculture, Colombo and Gampaha districts lead, producing ornamental plants for both local and export markets.

1.4.1.1 Field and horticultural crops in Sri Lanka face a variety of integrated challenges that significantly impact production:

- Climate Change: Unpredictable weather patterns, including erratic rainfall and extreme weather events, disrupt growing seasons, affecting yields of paddy, maize, vegetables, and fruits
- Water Scarcity: Inadequate irrigation systems hinder water supply for both field and horticultural crops, exacerbating the effects of drought and limiting production
- Pest and Disease Pressure: Both crop categories are vulnerable to pests and diseases, which are intensified by climate variability, leading to reduced yields
- Post-Harvest Losses: Insufficient storage and transport infrastructure result in significant losses, particularly for perishable horticultural crops, affecting overall profitability
- Soil Degradation: Unsustainable agricultural practices have led to soil erosion and fertility loss, which adversely affects long-term productivity
- High Input Costs: Rising costs of seeds, fertilizers, and pesticides place a financial strain on farmers, making it difficult to maintain profitability across both crop types

Table 1.2 Paddy Statistics - Sown And Harvested Extent (Gross & Net), Average Yield And Production By District 2022/2023 Maha Season (Metric Units)

District	Gross Extent Sown(Hectares)				Gross Extent Harvested(Hectares)				Average Yield Per Nett Hectare(Kg)				Nett Extent Harvested (Hectares)	Total Production (Mt.)
	Major schemes	Minor schemes	Rainfed	All schemes	Major schemes	Minor schemes	Rainfed	All schemes	Major schemes	Minor schemes	Rainfed	Average yield		
Colombo	388	638	3,189	4,215	388	637	3,186	4,211	2947	2699	2875	2855	3,580	10,222
Gampaha	1,859	2,144	8,345	12,348	1,847	2,127	8,275	12,249	3705	3516	3380	3453	10,411	35,911
Kalutara	140	1,428	11,580	13,148	139	1,417	11,515	13,071	2554	2600	2753	2735	12,058	32,973
Kandy	4,360	5,673	3,145	13,178	4,360	5,669	3,143	13,172	3987	3629	3052	3610	10,417	37,603
Matale	7,657	8,197	4,420	20,274	7,657	8,190	4,416	20,263	4134	4391	4042	4218	18,223	76,864
Nuwaraeliya	877	4,066	17	4,960	877	4,059	17	4,953	3767	3935	3858	3905	2,791	10,898
Galle	-	223	12,096	12,319	-	215	11,795	12,010	-	2547	2532	2532	9,400	23,803
Matara	3,825	4,239	6,503	14,567	3,779	4,199	6,485	14,463	3765	3688	3014	3406	11,418	38,884
Hambantota	30,406	5,649	1,292	37,347	30,390	5,607	1,292	37,289	5754	4364	3524	5468	32,579	178,137
Jaffna	-	-	11,408	11,408	-	-	11,261	11,261	-	-	2889	2889	9,993	28,869
Mannar	15,196	6,477	444	22,117	15,193	6,476	444	22,113	3802	2972	746	3497	21,113	73,839
Vavuniya	4,792	14,342	4,369	23,503	4,779	14,059	4,171	23,009	3405	2745	2626	2861	21,710	62,101
Mulativu	8,772	5,335	11,545	25,652	8,772	5,335	11,545	25,652	3537	3226	2824	3152	24,203	76,274
Killinochchi	11,880	425	15,578	27,883	11,880	425	15,207	27,512	3387	3261	3157	3258	24,414	79,545
Batticaloa	30,212	4,014	37,207	71,433	30,212	4,014	37,207	71,433	3800	3220	2494	3088	63,047	194,671
Ampara	60,740	3,796	16,017	80,553	60,720	3,457	15,709	79,886	4487	3878	3018	4172	76,347	318,517
Trincomalee	24,819	10,084	13,700	48,603	24,809	10,065	13,700	48,574	3684	2686	2483	3138	45,126	141,623
Kurunegala	17,552	34,443	26,258	78,253	17,523	34,276	26,058	77,857	4391	3568	3588	3760	77,857	292,723

Puttalam	6,683	10,406	2,280	19,369	6,595	10,245	2,193	19,033	4145	3305	3077	3570	16,178	57,756
Anuradhapura	55,236	47,959	15,623	118,818	55,089	47,181	15,087	117,357	4730	3240	2539	3849	94,367	363,239
Polonnaruwa	58,842	7,768	2,877	69,487	58,842	7,737	2,870	69,449	4383	4935	3696	4416	61,434	271,313
Badulla	10,718	10,022	5,026	25,766	10,718	10,007	5,026	25,751	3677	4051	2855	3662	21,889	80,152
Monaragala	9,454	11,767	14,407	35,628	9,446	11,741	14,386	35,573	4913	4429	3058	4003	34,861	139,548
Ratnapura	4,683	6,687	3,271	14,641	4,683	6,662	3,253	14,598	5292	3262	2578	3761	12,409	46,666
Kegalle	-	742	6,389	7,131	-	741	6,386	7,127	-	3674	3571	3581	6,676	23,909
Sri lanka	369,091	206,524	236,986	812,601	368,698	204,541	234,627	807,866	4011	3493	2969	3554	722,501	2,696,040

1.4.2 Plantation crop production

Tea, rubber, and coconut production in Sri Lanka is concentrated in specific districts, each playing a vital role in the country's plantation economy. Nuwara Eliya, Rathnapura, and Badulla are major tea-producing districts, with Nuwara Eliya renowned for high-grown Ceylon tea, contributing significantly to total production. In rubber, Kegalle leads, accounting for nearly 30% of the national output, followed by Kalutara and Rathnapura. Coconut cultivation is concentrated in the Coconut Triangle, with Kurunegala producing nearly 20% of the total output, followed by Puttalam and Gampaha. These district-level contributions highlight the regional specialization within Sri Lanka's plantation sector, which is critical to both the rural economy and export revenue.

Table 1.3: District wise Tea production in kg in 2022.

Administrative District	Total (KG) in 2022
Badulla	25,437,076
Colombo	1,128,566
Galle	35,648,676
Hambantota	188,839
Kalutara	15,477,248
Kandy	28,223,671
Kegalle	8,996,606
Matale	1,839,037
Matara	29,943,026
Monaragala	22
Nuwara Eliya	50,488,414
Ratnapura	54,128,285
Total	251,499,466

Source: Sri Lanka Tea board

1.4.2.1 Challenges in Plantation Crop Production

- Labour Shortages: The plantation sector, particularly tea and rubber, suffers from labor shortages due to urban migration and a declining interest in plantation work among younger generations
- Market Fluctuations: The international prices of tea, rubber, and coconut are subject to fluctuations, impacting income from exports. Trade policies, global competition, and fluctuating demand affect profitability

- Aging Crop Plantations: Many tea and rubber plantations are aging, leading to lower yields. Replanting efforts are costly and time-consuming, which makes it difficult for plantations to rejuvenate their productivity

1.4.3 Livestock sector

The livestock sector in Sri Lanka, vital for rural livelihoods and food security, includes dairy, poultry, swine, goats, and buffalo farming. Dairy and poultry are the most significant, with Sri Lanka striving for self-sufficiency in milk and having a well-developed poultry industry. However, the sector faces challenges like low productivity, high feed costs, disease management, and climate change impacts. Government initiatives, including the Livestock Master Plan and dairy development programs, aim to improve productivity.

Table 1.4 Animal population in 2023 by districts

District	Cattle			Buffalo			Swine	Goat / Sheep	Chicken
	Local	Improved	Total	Local	Improved	Total	Local	Improved	Total
National Total	834,665	283,170	1,117,835	282,550	44,460	327,010	101,970	363,430	18,065,100
1. Colombo	3,590	2,470	6,060	1,980	1,580	3,560	10,370	1,760	2,356,300
2. Gampaha	15,790	8,380	24,170	2,070	1,350	3,420	22,710	7,700	2,818,830
3. Kalutara	9,310	2,660	11,970	6,360	1,920	8,280	6,630	6,400	817,770
4. Kandy	6,180	11,580	17,760	1,420	60	1,480	1,510	16,060	592,710
5. Matale	8,700	9,460	18,160	2,370	190	2,560	8,540	5,700	405,300
6. Nuwaraeliya	6,230	24,880	31,110	1,070	20	1,090	750	8,330	492,030
7. Galle	7,940	2,360	10,300	5,550	1,810	7,360	770	3,650	173,520
8. Matara	6,380	1,310	7,690	4,650	680	5,330	1,160	5,990	263,250
9. Hambantota	24,350	4,800	29,150	34,230	4,640	38,870	800	3,120	84,830
10. Jaffna	58,540	10,180	68,720	-	-	0	240	52,790	293,850
12. Mannar	64,310	1,220	65,530	2,080	-	2,080	860	18,840	120,220
13. Vavuniya	67,060	3,270	70,330	3,010	-	3,010	680	12,590	88,010
14. Mullativu	40,710	5,030	45,740	11,480	100	11,580	720	12,790	100,260
11. Kilinochchi	54,180	10,830	65,010	1,230	60	1,290	380	17,220	151,780
15. Batticaloa	86,920	9,170	96,090	32,080	5,830	37,910	450	34,420	249,690
16. Ampara	70,540	9,940	80,480	27,650	2,590	30,240	340	18,660	313,600
17. Trincomalee	58,010	4,280	62,290	40,620	180	40,800	280	22,810	196,660
18. Kurunegala	52,160	52,150	104,310	9,780	6,790	16,570	11,900	24,830	5,827,910
19. Puttalam	33,650	21,380	55,030	4,140	1,800	5,940	21,960	27,510	1,421,560

20. Anuradhapura	71,840	46,680	118,520	24,400	4,930	29,330	5,290	25,450	267,060
21. Polonnaruwa	35,340	8,400	43,740	20,630	1,360	21,990	2,400	11,300	288,760
22. Badulla	16,540	18,780	35,320	2,570	3,440	6,010	160	11,280	169,230
23. Moneragala	27,180	8,880	36,060	35,080	4,030	39,110	2,280	3,510	106,220
24. Ratnapura	9,210	2,850	12,060	6,660	920	7,580	350	5,040	230,060
25. Kegalle	4.54	2,230	2,235	1,440	180	1,620	440	5,680	235,690

Source: Department of Census and Statistics

1.4.4 Fishing industry

The fishing sector in Sri Lanka plays a vital role in the country's economy, providing livelihoods to a significant portion of the population, particularly in coastal communities. The marine fisheries sector has seen steady growth over the decades, contributing to food security and the export economy.

The main product categories are Tuna, Swordfish, Prawns and Shrimps, Mud and blue swimming crabs, lobsters, Sea cucumber, Baramundi fish and other species. There are around 19 fishery harbours operated in Sri Lanka. Fisheries sector of Sri Lanka consists of three main sub sectors namely off shore & deep-sea fishery, coastal fishery and inland fisheries & aquaculture. Around 8,500,000 actively engage in the seafood and aquaculture industry.

Table 1.5: Sri Lankas Annual fish production by different sub sectors from 2013 to 2014 (in Mt).

	Marine Fish Catch		Inland & Aquaculture	Total
	Off-shore	Coastal		
2013	177,950	267,980	66,910	512,840
2014	180,450	278,850	75,750	535,050
2015	183,870	269,020	67,300	520,190
2016	182,830	274,160	73,930	530,920
2017	189,720	259,720	82,540	531,980
2018	190,350	249,020	88,010	527,380
2019	172,910	242,580	90,580	506,070
2020	144,370	182,560	102,220	429,150
2021	153,415	178,260	104,450	436,125
2022	131,170	149,440	116,890	397,500
2023	128,950	164,995	114,850	408,795

Source: Ministry of Fisheries

There are many direct and indirect employment opportunities are being generated in this industry. The key stakeholders are fisherman, breeders, processors, logistics, cold chain, packing and other service suppliers (Sri Lanka Export Development Board. (2021))

1.4.4.1 Potential Developments

The Indian Ocean states must take action to secure yellowfin tuna harvest and minimize postharvest losses to ensure product quantity and quality. Diversification, innovative processing methods, and value addition along the value chain are possible areas to address. High-value species like sea bass, scampi, mud crab, sea cucumber, and seaweed can also be diversified. Sri Lanka is currently practicing aquaculture farming for L.Vannamei shrimp and crabs, which will improve fishing stock status and market recognition. With advancements in technology training, infrastructure development, and sustainable harvesting practices, the fishing industry in Sri Lanka is poised for a better future.

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CHAPTER II

Labour Force and Unemployment

2.1 Labour Force

The labor force, often known as the currently economically active population, is one of the most extensively used labour market indicators. It evaluates the economy's employment and unemployment rates, as well as the population's present employment characteristics.

In Sri Lanka the labor force consists of economically engaged individuals aged 15 years and up. Currently, the labour force is 8.5 Mn. The labor force comprises 5.5 million men and 3 million women. Since 2013, individuals aged 15 years and above are considered to be of working age.

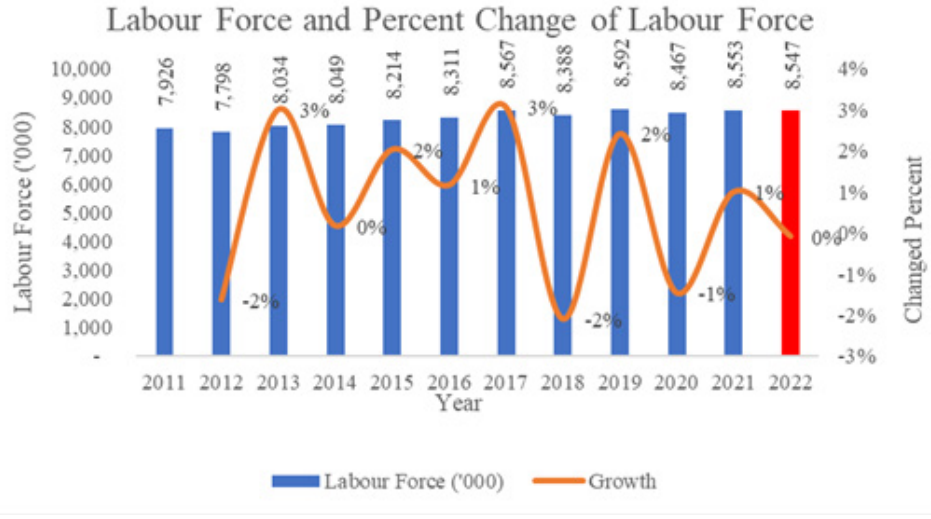


Figure 2.1 Labour Force and Percent Change of Labour Force
Source: Central Bank of Sri Lanka

2.1.1 Labour Force Statistics

Table 2.1 Labour Force Statistics from 2019 to 2022

	2019	2020	2021	2022
Labour Force, '000	8592	8467	8554	8547
Employed	8181	7999	8114	8148
Unemployed	411	468	440	399
Labour Force Participation Rate				
(% of Household Population)	52.3	50.6	49.9	49.8
Male	73	71.9	71	70.5
Female	34.5	32	31.8	32.1
Employment Status (%)				
Public Sector Employees	14.9	14.8	15.2	15.1
Private Sector Employees	43	42.7	42	42.9
Employers	2.6	2.5	2.7	2.9
Own Account Workers	32.5	33.2	33.4	33.1
Unpaid Family Workers	7	6.8	6.6	5.9
Total	100	100	100	100
Unemployment, % of Labour Force				
By Gender				
Male	3.3	4	3.7	3.7
Female	7.4	8.5	7.9	6.5

Source: Central Bank of Sri Lanka

Overall labor force participation in Sri Lanka is approximately 50%, with 70.5% of men and only 32.1% of women. District wise labour force participation percentage varies from 60.2% to 40.4% in 2022.

Table 2.2 shows Employment to population ratio which refers to the proportion of working-age individuals employed in a country. It assesses an economy's capacity for job creation.

Table 2.2 : Employment to population ratio, 2016 -2022

Year	Total	Male	Female
2016	51.4	72.9	33.4
2017	51.8	72.4	34.3
2018	49.5	70.8	31.2
2019	49.8	70.5	31.9
2020	47.8	69	29.3
2021	47.4	68.4	29.3
2022	47.5	67.9	30

Source: Sri Lanka Labour Force Survey-2022

The above results indicate that one in every two working-age individuals contributes to the creation of goods and services. Male rates are twice as high as female rates. However the ratio is diminishing over time.

Table 2.2 Labour force participation percentage by gender and district – 2022

District	Total	Male	Female
Sri Lanka	49.8	70.5	32.1
Colombo	50.2	70.1	32.8
Gampaha	49.6	69.1	33.1
Kalutara	49.6	69.1	32.6
Kandy	48.4	67.9	33.3
Matale	53.2	73.1	36.7
Nuwara Eliya	57.7	71.2	45.8
Galle	50.5	67.6	35.7
Matara	45.7	65.8	28.2
Hambantota	49.4	71.6	29.3
Jaffna	40.8	65.8	19.3
Mannar	60.2	77.5	43.9
Vavuniya	46.8	74.0	25.2
Mullaitivu	48.1	72.5	26

Killinochchi	43.5	68.3	22.8
Batticaloa	40.4	68.9	17.8
Ampara	39.8	65.1	17.1
Trincomalee	42.1	71.1	17.6
Kurunegala	52.9	73.5	35.4
Puttalam	51.8	75.2	31.1
Anuradhapura	53	75	35.2
Polonnaruwa	45.6	73.2	22.2
Badulla	50.9	70.3	34.7
Monaragala	54.9	77.2	33.3
Ratnapura	55.9	75.5	38.1
Kegalle	49.7	67.5	34.6

Source: CBSL

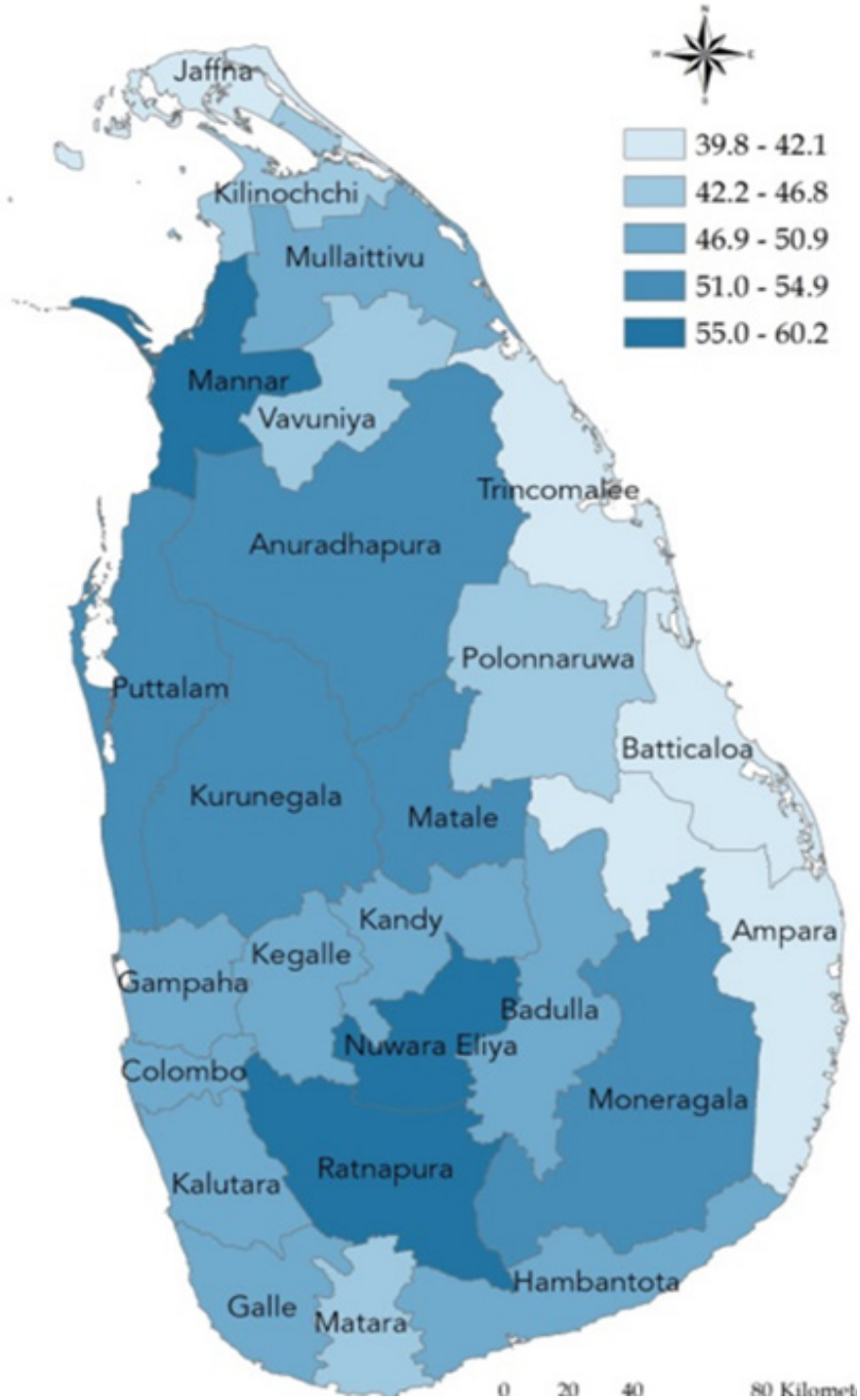


Figure 2.2: Map: Labour force participation rate by district – 2022
Source: Labour Force Survey 2022

The labour force participation rate per district is the above table, Mannar district has the highest reported LFPR (60.2%). The greatest female LFPR was observed in Nuwara Eliya district (45.8%), while the lowest was reported in Ampara district (17.1%).

2.2 Economically Active Population

The "economically active population" is defined broadly as comprising all persons above a specific age (15 years and above) of either gender who furnish the supply of labour for the production of economic goods and services during a specified time (reference period of the labour force survey of the Department of census and statistics).

According to the labor force survey 2022 data, 49.8% of the working-age population (8.5 million) is economically active, with approximately 65.3% male and 34.7% female, or around 5.6 million and 3 million, respectively.

In 2022, the expected economically active population is roughly 8.5 million, with around 65.3% being male. That is around 5.6 million.

Table 2.3 Economically active / inactive population by gender in 2022 ('000)

	Economically active		Economically inactive	
	No	**%**	**No**	**%**
Total	8,547	100	8,615	100
Male	5,581	65.3	2,334	27.1
Female	2,966	34.7	6,281	72.9

Source: Labour Force Survey 2022

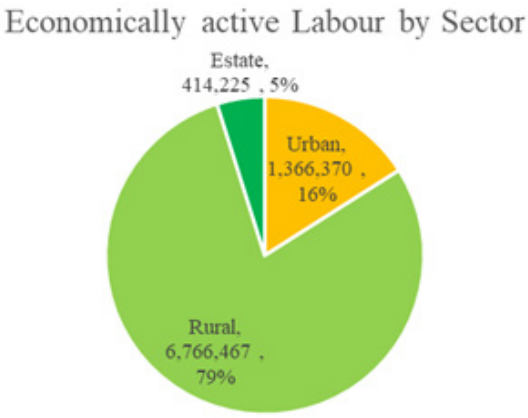


Figure 2.3 Economically Active Labour Force by Sectors
Source: Labour Force Survey 2022

According to the above figure, the highest number of economically active labour is in the Rural sector, which is nearly 76%. The corresponding figures for the Urban and Estate sectors 16% and 5% respectively.

Table 2.4 Percentage distribution of the economically active population by gender and district – 2022

District	Economically active population (%)		
	Total	Male	Female
Sri Lanka	100	65.3	34.7
Colombo	100	65.0	35.0
Gampaha	100	63.9	36.1
Kalutara	100	64.9	35.1
Kandy	100	61.0	39.0
Matale	100	62.2	37.8
Nuwara Eliya	100	58.0	42.0
Galle	100	62.3	37.7
Matara	100	67.1	32.9
Hambantota	100	68.7	31.3
Jaffna	100	74.5	25.5
Mannar	100	62.3	37.7
Vavuniya	100	69.9	30.1
Mullaitivu	100	71.6	28.4
Killinochchi	100	71.4	28.6
Batticaloa	100	75.5	24.5
Ampara	100	77.3	22.7
Trincomalee	100	77.3	22.7
Kurunegala	100	63.8	36.2
Puttalam	100	68.1	31.9
Anuradhapura	100	63.3	36.7
Polonnaruwa	100	73.7	26.3
Badulla	100	62.9	37.1
Monaragala	100	69.3	30.7
Ratnapura	100	64.2	35.8
Kegalle	100	62.3	37.7

Source: Labour Force Survey 2022

Agriculture-dominated areas have a high percentage of economically engaged women, as illustrated in the graph above. Examples are Nuwara Eliya (42.0%), Badulla (37.1%), and Anuradhapura (36.7%). Ampara and Trincomalee districts have the lowest percentage of economically engaged women (22.7%).

2.3 Economically Inactive Population

The persons who are not economically active during the reference period and those who are mainly engaged in studies, household duties, retired or old, disabled persons etc. are defined as 'Economically Inactive Population'. The labour force survey 2022 reveals that, 50.2 % of (8.6 million) working age population are in the economically inactive group, comprising with 27.1 percent of males and 72.9 percent of females.

Table 2.5 Economically inactive population by age group and gender - 2022

Age group (years)	Total	Male	Female
Total	100.0	100	100
15-19	19.6	34.4	14.1
20-24	8.6	10.7	7.7
25-29	4.8	2.6	5.6
30-34	4.9	1.1	6.3
35-39	5.3	1	7
40-44	5.6	1.1	7.3
45-49	5.1	1.4	6.5
50-55	5.6	1.7	7
56-59	6.3	4.1	7.1
60-64	8.3	8.2	8.3
65+	25.9	33.6	23.1

Source: Labour Force Survey 2022

2.4 Informal Sector

The informal sector is defined as all those institutions that do not meet the following requirements (Department of Census and Statistics , 2022, p.36).

1. Organizational registration (if the establishments are officially registered with the Department of Inland Revenue or the Employment Provident Fund), or
2. The organization's accounting procedures (if an institution maintains formal records, they are regarded as formal) or

3. The total number of regular employees in the company; if this number is equal to or more than 10, it is regarded as formal.

According to the conceptual framework of informal employment developed by the 15th International Conference of Labour Statisticians the entire number of informal jobs performed within a specific reference period, whether they are in homes, formal sector firms, or informal sector enterprises. As such, it encompasses the following categories of jobs:

2.4.1 : Definitions of different categories of informal sector in Sri Lanka

Table 2.6: Definition and Criteria used in the Informal Sector Identification

Definition	Criterion used in this study
Family worker in a formal enterprise	Worker is an unpaid family worker employed in a production unit registered with either the Employees 'Provident Fund or the Inland Revenue Department
Employee in informal jobs in formal enterprise	Worker is an employee whose employer does not contribute to a pension or provident fund on his/her behalf, even though the production unit is registered with either the Employees' Provident Fund or the Inland Revenue Department
Own-account worker in informal enterprise/ household	Worker is an own-account worker in a production unit not registered with either the Employees' Provident Fund or the Inland Revenue Department
Employer in informal enterprise	Worker is an employer in a production unit not registered with either the Employees' Provident Fund or the Inland Revenue Department
Family worker in informal enterprise	Worker is an unpaid family worker in a production unit not registered with either the Employees' Provident Fund or the Inland Revenue Department
Employee in informal enterprise/household	Worker is an employee in a production unit not registered with either the Employees' Provident Fund or the Inland Revenue Department and his/ her employer does not contribute to a pension or provident fund on his/her behalf

Source: Informal Employment in Sri Lanka: Nature, Probability of Employment, and Determinants of Wages

There are three main reasons to be concerned about high informality and they are poverty, productivity and public finance. The estimated total number of informal employment is about 5,471,252 in 2022. When

compared to informal sector employment which is about 57.4% of total employment. This shows that informal employment is higher than informal sector employment.

A remarkable aspect of informal employment in Sri Lanka is that a sizable proportion of workers (0.8 million, or 10% of total employment or 15% of formal sector employment) have informal contractual ties while working in formal firms.

Table 2.4.2 Formal and Informal Sector employees in Sri Lanka – 2022. (Number of employees in thousands)

Table 2.7: Summary statistics of Formal and Informal Sector employees - 2022

	Employees		Employers		Own account workers		Contributing Family workers	Total		
	Formal	Informal	Formal	Informal	Formal	Informal		Formal	Informal	Total
Formal Sector Enterprises	2,333	738	123		221		55	2,677	793	3,469
Informal Sector Enterprises		1,658		113		2,480	427	-	4,678	4,679
Total	2,333	2,396	123	113	221	2,480	482	2,677	5,471	8,148

Source: Labour Force Survey - Annual Report 2022

In 2022, total formal employment was over 2.7 million, including 1.2 million in the public sector (excluding the armed forces) and 1.5 million in the private sector (including employers and self-employment). The low share of formal employment in the economy suggests that a big proportion of workers are excluded from social security programs and other benefits associated with formal employment contracts.

2.4.2 Characteristics of informal workers

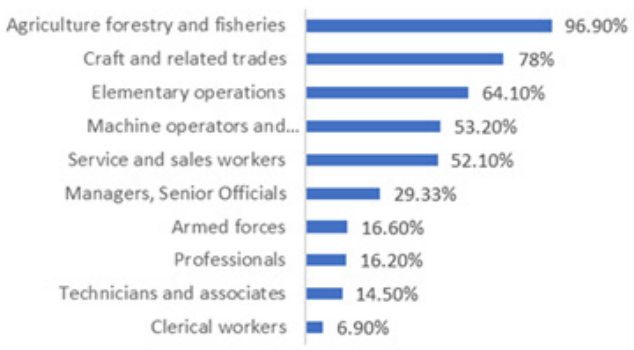


Figure 2.4 : Percentage of informal employment by occupations
Source: Sri Lanka Labour Force Survey-2022, Department of Census & Statistics

Informal employment in Sri Lanka has been concentrated in the primary and trade sectors for the past two decades. Figures 2.3 shows Agriculture, forestry, and fisheries have the biggest percentage of informal employment, followed by craft and allied trade sectors such as building, mining, textiles, and basic vocations such as street sellers, domestic workers, and daily wage earners. Figure 2.4 shows that informal employment is 88% in the agriculture sector and 47 % in the non-agriculture sector. When the male-female employment distribution is evaluated, as shown in Figure 2.5, 71% of the employed are males and 29% are females in the informal sector.

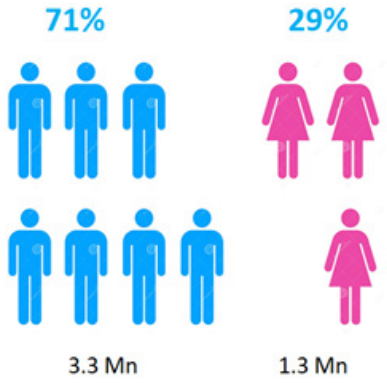


Figure 2.6 : Composition of Informa sector employment in Millions by economic sector – 2022
Source: Sri Lanka Labour Force Survey-2022, Department of Census and Statistics.

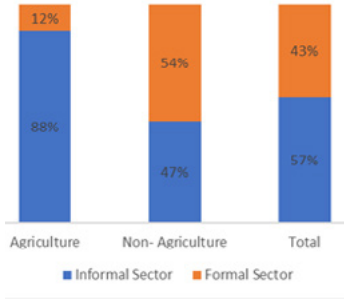


Figure 2.5: Composition of Informal / Formal sector employment by economic sector
Source: Sri Lanka Labour Force Survey-2022, Department of Census and Statistics.

Economists and anthropologists question the dual economy paradigm's validity in analyzing the informal sector, arguing that while formal and informal sector enterprises differ in capitalization, organization, labor processes, and market penetration, they are typically centralized within a political economy (Senanayake, Wimalaratana 2015).

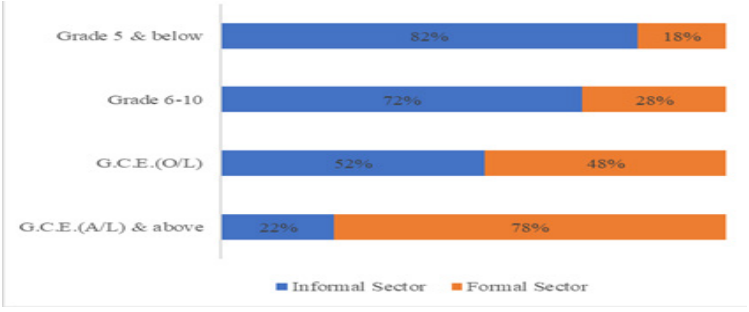


Figure 2.7 Distribution of Informal / Formal sector employment by level of education - 2022
Source: Sri Lanka Labour Force Survey-2022, Department of Census and Statistics.

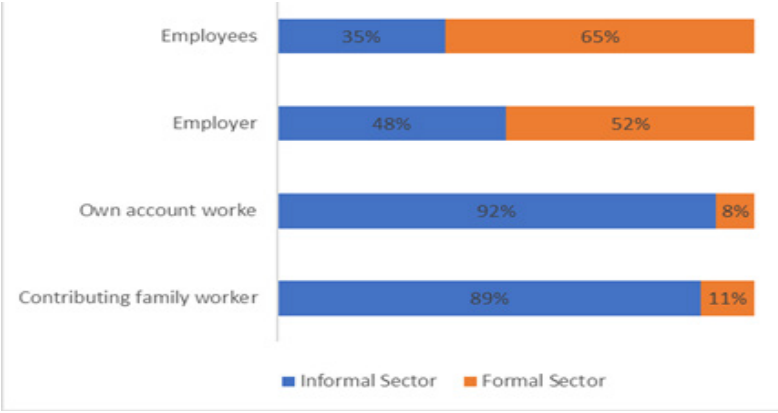


Figure 2.8 Composition of Informal / Formal sector employment by category – 2022
Source: Sri Lanka Labour Force Survey-2022 , Department of Census and Statistics.

In Sri Lanka, the informal economy has been crucial to the country's economic development, employment, and provision of income and safety nets for millions of people. Most informal economic activity is small-scale, unregistered, and exempt from social protection, occupational safety, and health laws. Due to its low capital accumulation, low rates of savings and investment, and poor productivity, the industry is susceptible to economic shocks.

Senanayake, Wimalaratana, and Premaratna's (2015) study critically analyzes Sri Lanka's informal sector's characteristics. The informal sector predominates in Sri Lanka's traditional agriculture and related industries. Underworld activities including drug trafficking, prostitution, contract crimes, etc., further boost the informal sector. Similar reasons drive many people from the official sector to the informal sector: fear of paying too much in tax burden, bribes, bureaucratic bungling, archaic rules and regulations, and lack of dividends in formal activities drive many people from the formal sector to the informal sector.

The results of the study done by Badullahewage and Badullahewage (2021), showed that the income gap between those working in the formal and informal sectors is 10%. The results imply that the rate of return on schooling for occupations in the formal and unofficial sectors differs significantly.

2.4.3 Challenges faced by the informal sector

- Limited Access to Formal Financial Services: Informal enterprises frequently lack access to formal banking and financial services, making it difficult to set up bank accounts, obtain loans due to inability of small businesses to pass through credit worthiness tests and the lack of collateral that the loan can be availed against and improper

documentation of account details and not compliance with acceptable accounting standards etc.

- Result in debt traps: Many informal enterprises have more access to government uncontrolled financial sources, which can lead to debt traps owing to excessive interest rates and other risky conditions.

- Risk of Fraud and Breach of Trust: Working with cash in the informal economy increases the danger of fraud and breach of trust. Owners of businesses must discover safe ways to manage their funds.

- Low financial education and literacy of entrepreneurs: Poor knowledge on financial management, knowledge on available financial schemes and benefits of the different schemes are important.

- Inconsistent Income: Most of the time, there is volatility in the income and profit generation. As a result, risk and uncertainty create challenges for adequate preparation and the management process.

- Tax and Regulatory Issues: There may be legal and tax implications for informal companies. Staying out of the official economy might put the entity at danger of fines and other legal repercussions. Access to the formal sector may therefore be discouraged.

- Economic and policy related challenges: Fluctuation of economic variables like unprecedented escalation of exchange rate, depreciation of the currency against the US$, government restrictions and controls of some imports and exports and interest rate fluctuations etc are sensitive for the financial risk of informal sector.

- Lacuna legal framework and non- enforcement : The employees in the informal sector in Sri Lanka faces significant challenges due to the ineffectiveness of the labour laws and the related regulatory framework, some legislations, which have been enacted to secure the right of the employees, excludes informal workers in smaller establishments. This lack of protection and compensation, particularly during times of sudden dismissals, further exacerbates the situation.

- Access to innovation and technology: Kusum and Yinghua (2017) say that Sri Lanka remains behind other Emerging and Developing Countries in Asia in terms of technological innovation and readiness because of a lack of government support and a lack of attention to SMEs in the informal economy, among other issues.

- Access to education, training and skills: Technical and Vocational Education and Training. (TVET) in Sri Lanka has made progresses since 1980. Currently, public, private, and nongovernment providers serve the TVET subsector. TVET is in a position to address both the quality and productivity aspects of labor; however, some challenges remain. Regional skill inequality is still a challenge, which affects labor mobility. More attention should be given to strategic planning, performance-based funding, performance monitoring, capacity development, and institutional autonomy. Further, there is no proper career guidance system to advise the school leavers. The flow of information between the youth and the labor market is inadequate. The lack of information regarding the types of job opportunities limits graduates' ability to form realistic aspirations for and establishment of life goals (Asian Development Bank 2017).

Access to financing appeared as one of the most significant constraints to the informal sector in Sri Lanka. An empirical assessment of Brian Levy on Obstacles to Developing Indigenous Small and Medium Enterprises says that lack of access to capital is a binding restraint on expansion for all types of SMES and informal sector in Sri Lanka's smaller, less established companies.

Accommodating informal sector credit applicants has become a risk element since many of them lack basic accounting and recoding processes, and traditional systematic accounting and banking cannot accommodate these loans (Saliya & Jayasinghe, 2016). Arunatilake & Jayawardena's 2010 study explores Sri Lankan informal sector participation, highlighting factors like skill mismatches, market considerations, and household societal influences, emphasizing equitable development and improved educational opportunities.

The sources of finance for the Sri Lankan informal sector are Own savings or earnings kept, Family and Parents, Informal financial institutions (including pawning), Formal financial institutions (including pawning), Trade credits and informal financial intermediaries (Levy, 1993). Apart from that informal sources of finance such as money lenders and rotating savings and credit associations (ROSCA) can be identified in Sri Lanka.

In a study of Sri Lankan leather SMEs in more over 40% of enterprises have access to formal funding while trade credits and informal financial intermediaries were used by around 30%. The study on Demographic dividend and economic growth in emerging economies: fresh evidence from the SAARC countries shows that gross capital formation growth

and labor force participation rate have a strong positive influence on economic growth (Jafrin et al., 2021).

According to a study titled "The impact of family-to-business support on the stress and creativity of women micro-entrepreneurs in Sri Lanka," family-to-business support mitigated the negative relationship between work demands and stress in women micro-entrepreneurs in Sri Lanka's informal sector. It was also shown that family-to-business assistance mitigated the detrimental impact of women entrepreneurs' job demands on their creativity by lowering the levels of stress they experienced (Wijewardena et al 2020).

2.5 Small and Medium Enterprises (SME)

SME stands for micro, small, and medium-sized firms. The definition of SMEs varies by country and degree of development. Common metrics include total personnel, yearly turnover, and total investment. In Sri Lanka, small and medium-sized enterprises (SMEs) are classified based on staff count and yearly turnover.

Table 2.8 MSME Definition derived from Economic Census Listing Database - 2013

Major Economic Sector	SME Group	Criteria (No. of Persons Engaged)
Industry and Construction	Micro	1 – 4
	Small	5 – 24
	Medium	25 – 199
	Large	200 & Above
Trade	Micro	1 – 3
	Small	4 – 14
	Medium	15 – 34
	Large	35 & Above
Services	Micro	1 – 4
	Small	5 – 15
	Medium	16 – 74
	Large	75 & Above

Source: Department of Census and Statistics

Table 2.9 shows the number of establishments and persons engaged in those establishment by sector-wise. Forty one percent (41.1%) of

establishment are trade and majority of persons (40.6%) are in industry which belongs to large sector (i.e., 36.9% and 64.6 % respectively).

Table 2. 9 Distribution of Establishments and Persons engaged and scale economic units by Sector

Distrbution of Establishments and Persons engaged and scale economic and scale economuc units by Sector

	No. of Establishments				No. of Persons Engaged			
	Total	Industry %	Trade %	Service %	Total	Industry %	Trade %	Service %
Total	1,019,681	25.6	41.1	33.4	3,003,119	40.6	25.6	33.8
Micro	935,736	25.3	42.0	32.7	1,338,064	27.1	39.1	33.8
Small	71,126	28.8	31.3	39.7	529,248	32.3	24.4	43.4
Medium	10,405	32.0	19.6	48.4	387,859	52.5	11.1	36.4
Large	2,414	31.6	36.9	31.5	747,948	64.6	9.8	25.7

Source: Economic Survey – Department of Census and Statistics

According to Table 2.10, the most enterprises with 90.4 percent ownership run by females whilst those enterprises belong to Micro (93.1%) and small (64.5%) sectors. Thus, the ownership and engagement in enterprises by females are insignificant in medium and large sectors.

Table 2.10 Legal Ownership and Female Entrepreneurs

	Registered %	% Run by Females	% with Sole Ownership
Total	57.6	24.8	90.4
Micro	54.6	26.3	93.1
Small	89.1	8.3	64.5
Medium	100	6.1	35.9
Large	100	4.6	20.3

Source : Economic Survey – Department of Census and Statistics

2.6 Unemployment

Unemployment is defined as those who are available and/or seeking for work, have not worked in the past four weeks, and are willing to accept a job offer within the next two weeks. In 2022, there are an estimated 399,332 jobless people. Of the total, 51.8% are male and 48.2% are female. The percentage of unemployment by district shows that there is a vast disparity among the districts (Figure 2.9). The highest unemployment rate is recorded from Hambantota district (6.9%), followed by Kandy

district (6.7%). It is also noticeable that the percentage of unemployment is relatively higher in all the districts of Southern Province (Figure 2.9).

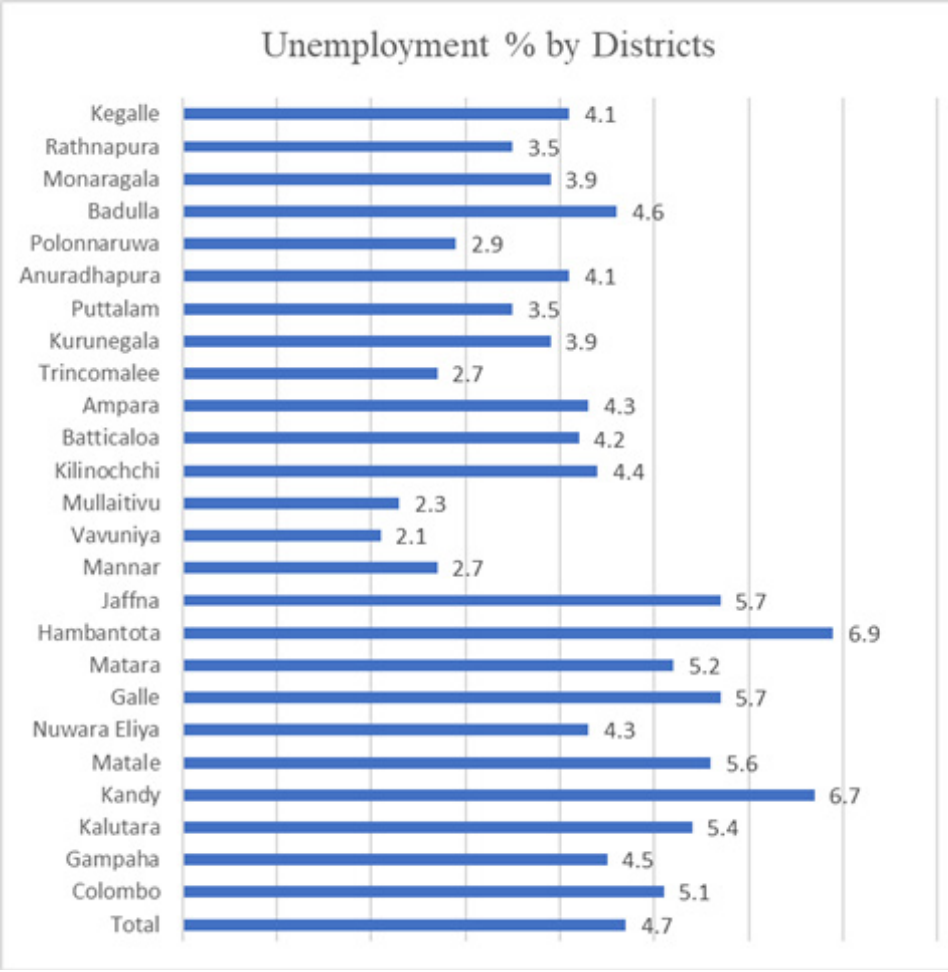


Figure 2.9: District wise Unemployment rate in 2022
Source: Sri Lanka Labour Force Survey-2022

References

- *Department of Census and Statistics (2022) Labour Force Survey Annual Report 2022. Available at: https://www.statistics.gov.lk/Resource/en/LabourForce/Annual_Reports/LFS2022.pdf (Accessed: 01/07/2024).*

CHAPTER III

Exchange rate, Inflation Lending Rates and External Sector Development

Sri Lanka's economy was under pressure with its worst economic crisis in nearly 75 years of independence and the social impact was continuing to grow. There had been many challenges in the areas of the exchange rate, managing overseas debt repayments, depletion of foreign reserves, depreciation of the currency against the US$, shortages of essentials like foods, medicines, and fuel, further decreased country income due to low tourism receipts, non-availability of inorganic fertilizer and vulnerability of export industries etc.

As a result, enterprises and many industries became more vulnerable due to prevailing conditions.

However, The Sri Lankan economy witnessed a gradual revival in 2023 from the deepest economic downturn. The structural reforms and significant policy adjustments made by the Government and the Central Bank helped restore macroeconomic stability and sustainability to a great extent.

3.1 Exchange rate

The exchange rate is a key macroeconomic factor that affects international trade and the economic well-being of individual countries. As international trade expands, it introduces volatility into the exchange rate. Sri Lanka with an open economy, is susceptible to fluctuations in exchange rates, with significant implications for its economic growth. In a free-market economy, the exchange rate influences a country's import and export volumes.

The Sri Lanka rupee appreciated sharply in 2023 under a market-based exchange rate policy implemented by the Central Bank. The Sri Lanka rupee, which depreciated by 44.8 percent against the US dollar in 2022, appreciated by 12.1 per cent in 2023.

During the first two months of 2023, the Sri Lanka rupee remained stable at around Rs. 362 per US dollar as the Central Bank continued to provide daily guidance on the spot exchange rate by publishing a middle spot exchange rate. From 27 February 2023, the Central Bank commenced gradually relaxing the requirement imposed on licensed

banks on mandatory sales of foreign exchange to the Central Bank out of the converted export proceeds and workers' remittances. Central Bank discontinued the provision of daily guidance on exchange rates with effect from 07 March 2023, in order to allow greater flexibility in the determination of the exchange rate and encouraged market driven activity in the domestic forex market. Subsequently, liquidity in the domestic forex market was improved and spot market activity also picked up remarkably. Improved market liquidity due to increased forex inflows in the form of export proceeds, workers' remittances and foreign investments to the government securities market along with subdued demand for imports, reflecting tight monetary conditions, were the major factors that contributed to this appreciation.

During the third quarter of 2023, the Sri Lanka rupee showed some volatility and recorded a depreciation, reflecting relatively tight liquidity conditions that prevailed in the domestic foreign exchange market. The main factor contributing to depreciation pressure was the drain in liquidity due to increased demand from banks to cover their foreign currency position associated with the rupee settlement of the Sri Lanka Development Bonds (SLDBs).

Workers' remittances growth and services sector inflows were observed in the latter part of the year. Market sentiments also continued to improve. Accordingly, the Sri Lanka rupee recorded an appreciation in the latter part of the year. The appreciation trend continued in 2024 as well. The Sri Lanka rupee appreciated by 7.6 percent against the US dollar as of the end March 2024. This appreciation was mainly due to inflows in the form of earnings from tourism, workers' remittances, as well as from reduced import expenditure.

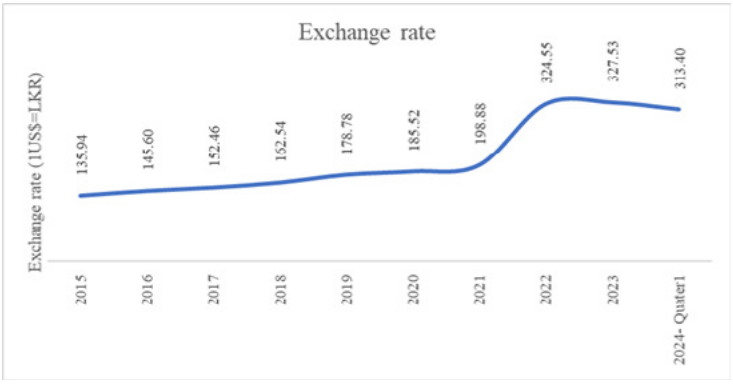


Figure 3.1 .Exchange rate fluctuation over the period between 2015 to 2024-quater1.
Source: CBSL

The Sri Lanka rupee recorded an overall appreciation of 6.6 percent against the US dollar during the year up to 23 July 2024.

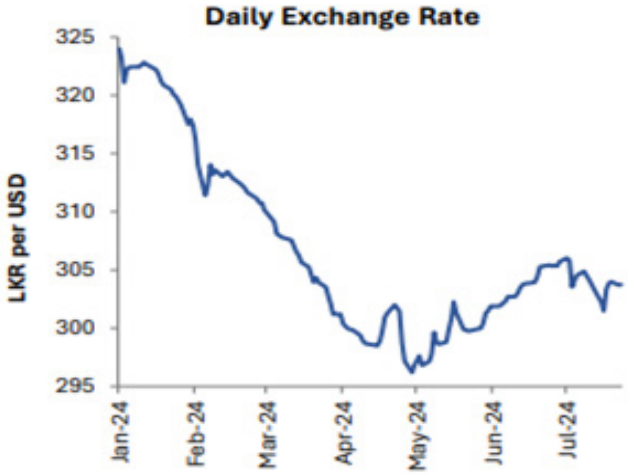


Figure 3.2 : Daily Exchange Rate
Source: Central Bank of Sri Lanka

3.2 Inflation

In September 2022, Sri Lanka had its historical highest inflation rate at about 70% reaching lower single-digit levels towards end 2023 The Colombo Consumer Price Index (CCPI) (Y-o-Y) saw a sharp decrease in headline inflation to 0.9% in March 2024, which was over 50% in 1st quarter in 2023.

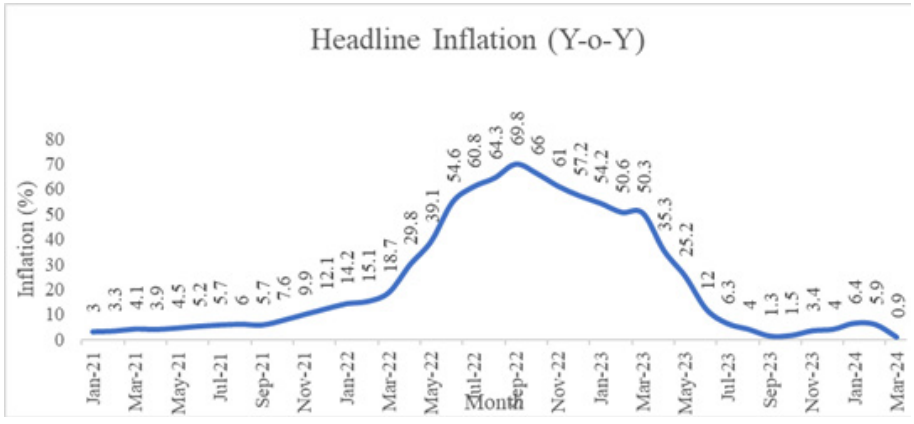


Figure 3.3 Inflation : Y-o-Y percentage change of CCPI (2021=100)
Source: Department of Census and Statistics

From Jan-2021 to Jan-2023: Y-o-Y percentage change of CCPI(2021=100) was taken and from Feb 2023 to Mar-2024 Y-o-Y percentage change of CCPI(2021=100) were used for the determination of inflation as per the changes of the DCS base years.

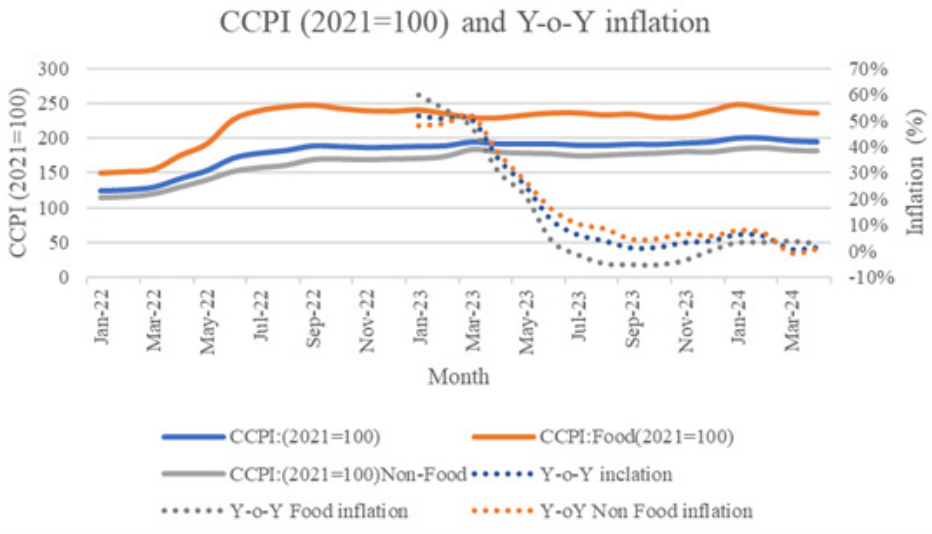


Figure 3.4 Inflation : Y-o-Y percentage change of CCPI (2021=100) – Food and Non-Food
Source: Department of Census and Statistics

According to the above figure the Food CCPI (2021=100) shows a higher value compared to Non-Food CCPI. The inflation fell due to subdued demand conditions in the economy, tight monetary and fiscal conditions, and the loss of public purchasing power. CCPI (2021=100) based inflation decelerated throughout 2023.

This was primarily due to the normalization of supply bottlenecks and cost-reflective fuel price adjustments, amidst the normalization of global crude oil prices, together with the impact of the appreciation of the exchange rate. By the end 2023, CCPI-based year-on-year core inflation fell to 4%, VAT adjustments in early 2024 also affected inflation, as most items in the core consumer basket were subject to VAT.

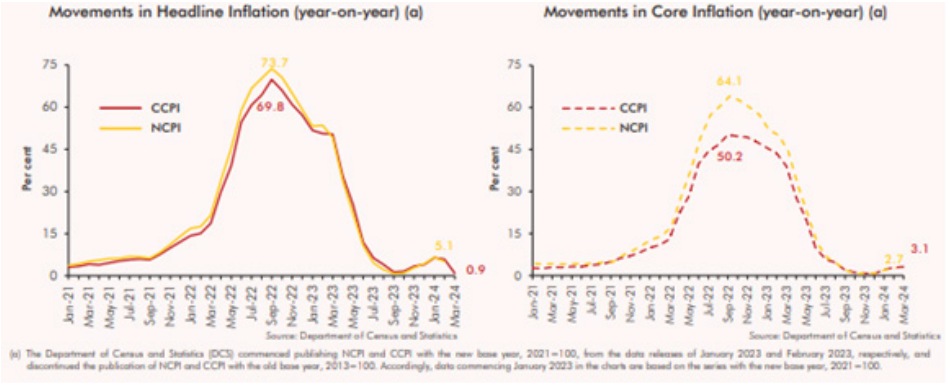


Figure 3.5: Movement in heading inflation and core inflation (year-on-year)
Source : CBSL Monetary Policy Report.

The National Consumer Price Index (NCPI) based year-on-year headline inflation also followed a similar path, dropping to 4.2 percent (2021=100) by end 2023, compared to 59.2 percent (2013=100) recorded at end 2022, while NCPI-based annual average headline inflation in 2023 decelerated to 16.5 per cent (2021=100), compared to 50.4 percent (2013=100) in 2022. Meanwhile, the increase in the Value Added Tax (VAT) rate from 15 percent to 18 percent alongside the removal of certain exemptions at the beginning of 2024, led to a brief surge in inflation from January 2024. However, the reduction of electricity tariffs in early March 2024 and several subsequent responsive price reductions are expected to partly negate the immediate impacts as well as spillovers of the tax amendments. This was evidenced through the large reduction of inflation in March 2024. (Source: CBSL Monetary Policy Report.)

3.3 Lending Rates and External Sector Development

AWLR stands for Average Weighted Prime Lending Rate and AWFDR stands for Average Weighted Fixed Deposit Rate. These are key indicators of the interest rate environment in a country like Sri Lanka. Market interest rates have continued to decline thus far during 2024, however, there is space remains for the market lending interest rates to decline further.

Market deposit interest rates have dropped significantly in response to relaxed monetary and improved liquidity conditions. There is space remaining for the market lending interest rates to decline further. Reduction in market lending interest rates is expected to have eased the burden on businesses and households through reduced financing costs.

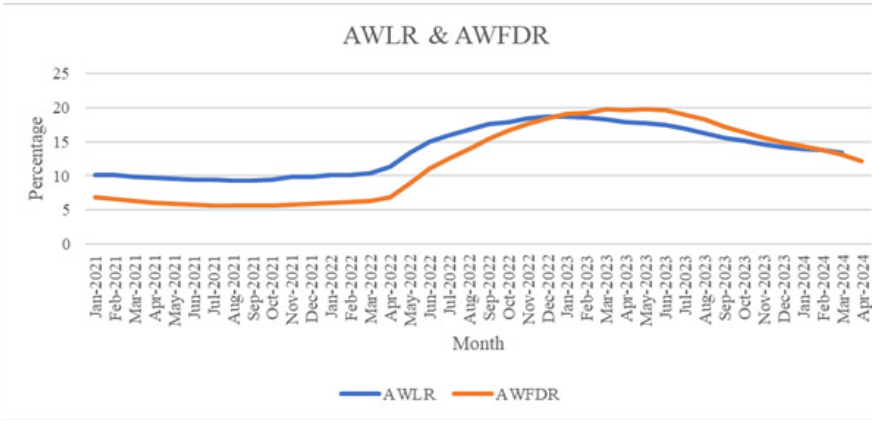


Figure 3.6: AWLR and AWFDR
Source: Central Bank of Sri Lanka

The AWLR is calculated by the CBSL, on a monthly basis, based on interest rates of all outstanding rupee loans and advances extended by commercial banks to the private sector. The AWFDR is calculated, on a monthly basis, by the CBSL based on weighted average rates of all outstanding interest bearing rupee time deposits held with commercial banks.

The interest rate spread between new loans and deposits, as reflected by the Average Weighted New Lending Rate (AWNLR) and the Average Weighted New Deposit Rate (AWNDR), respectively, remains high as of end June 2024 compared to its historical average which indicates the further reduction of rates.

Domestic money market liquidity has recorded an improvement during 2024, particularly since April, when liquidity turned into surplus levels on a sustained basis. This is mainly due to liquidity injections through foreign exchange transactions of the Central Bank. The credit extended to the private sector by Licensed Commercial Banks has been uneven during early 2024.There had been a credit expansion in May and June 2024. Credit to the private sector too expanded by around Rs. 146 billion during first half of 2024, recording a year on-year growth of 6.2 per cent by end June 2024. The credit expansion was largely consumption oriented. However, an improvement was observed in credit extended to the other sectors of the economy as well.

A surplus of US dollars 706 million was recorded in the current account for Q1-2024. This was supported by significant inflows with regard to the services exports and workers' remittances despite the widening of the trade and primary income account deficits. During H1-2024, the trade

deficit widened to US dollars 2.5 billion. Both export earnings and import expenditure increased during the period concerned, compared to the corresponding period of 2023.

In the services account, earnings from tourism improved significantly with arrivals surpassing one million tourists during H1-2024. Services inflows to other sectors, such as sea transport services, computer services and technical, trade-related and other business services, also recorded a significant growth during H1-2024. The performance of the financial account during H1-2024 remained low. Foreign Direct Investment (FDI) inflows in Q1-2024 remained weak. Total foreign investments in the government securities market recorded net outflows. The remaining non-resident holdings of outstanding government securities are also at insignificant levels at present.

The Gross Official Reserves (GOR) improved in first half of 2024 reflecting favorable developments in the external sector. The GOR increased to US dollars 5.7 billion at end June 2024 from US dollars 4.4 billion at end 2023.

3.3.1 Source of funding

The financial system in Sri Lanka comprises the Central Bank of Sri Lanka (CBSL), and major financial institutions that deals with SME sector and Commercial banks, Development banks and microfinance institutions are the main players in financing.

The improved Credit Information Bureau (CRIB) report provides a trustworthy assessment of an applicant's capacity to repay in the context of Sri Lanka by illuminating their credit histories.

3.4 Banking Sector

The banking sector accounts for 61.5 per cent of total assets as at end 2023. By end 2023, the banking sector comprised 30 banks, i.e., 24 LCBs including 11 branches of foreign banks, and 6 Licensed Commercial banks. The banking sector continued to support financial intermediation by expanding the banking network and enhancing banking Sri Lanka.

Commercial Banks:
Provide working capital loans, term loans, and trade financing facilities, among other lending solutions customized to the needs of entrepreneurs. These loans are often collateralized, and interest rates might vary based on the borrower's risk profile.

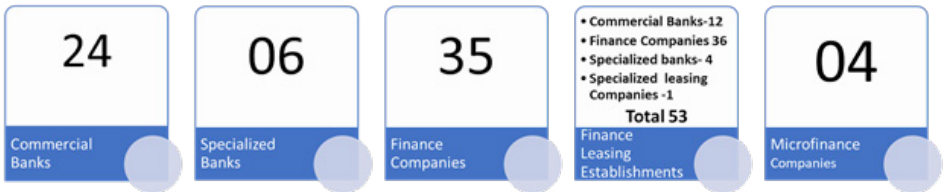
Development Banks:

Frequently offer specialized programs and schemes to assist entrepreneurs. They provide financing choices with better conditions, reduced interest rates, and longer payback durations.
Microfinance Institutes:

Microfinance institutions meet the financial needs of micro and small enterprises, especially SMEs.

They provide modest loans, generally with less paperwork requirements, to assist entrepreneurs in starting or expanding their firms.

No of Key Authorized Financial Institutions Related to SME in Sri Lanka



Source: Central Bank of Sri Lanka

CHAPTER IV

Government Revenue and Expenditure

4.1 Economic Classification of Government Fiscal Operations

In 2023, Sri Lanka's government revenue and expenditure reflected the ongoing economic challenges and fiscal adjustments the country has been navigating. Actual government revenue in 2023 was 11% of the GDP. According to the Fiscal Management Report and other sources, the government revenue for the year was projected to be around 11.3% of GDP. This projection was in line with the government's efforts to enhance revenue collection through various fiscal reforms (https://publicfinance.lk/en/topics/sri-lanka-s-fiscal-for-targets-for-2023-1668514565).

On the expenditure side, the government faced substantial spending needs, which led to a total expenditure of Rs 5,356 billion for 2023. This included both recurrent and capital expenditures. The overall budget deficit for the same period was reported to be Rs 2,282 billion, highlighting the significant gap between revenue and spending.

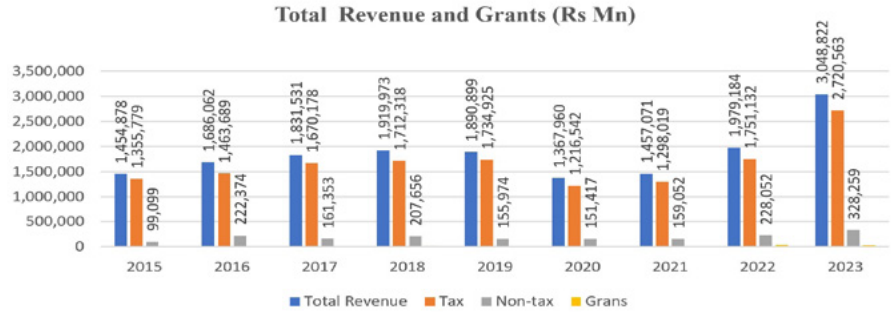


Figure 4.1 Total Revenue and Grants (Rs Mn)
Source: CBSL

Expenditure and Net Lending

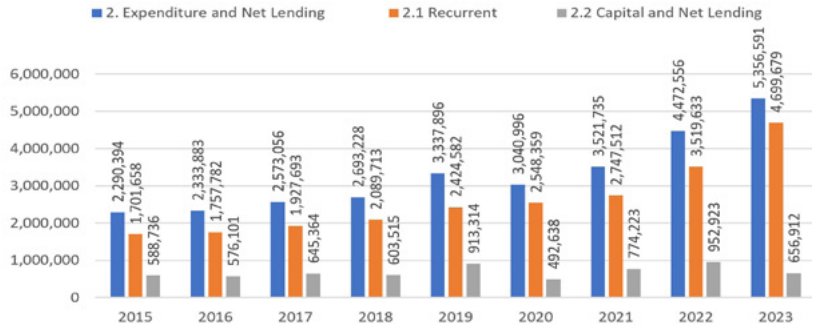


Figure 4.2 Expenditure and net lending (Rs Mn)
Source: CBSL

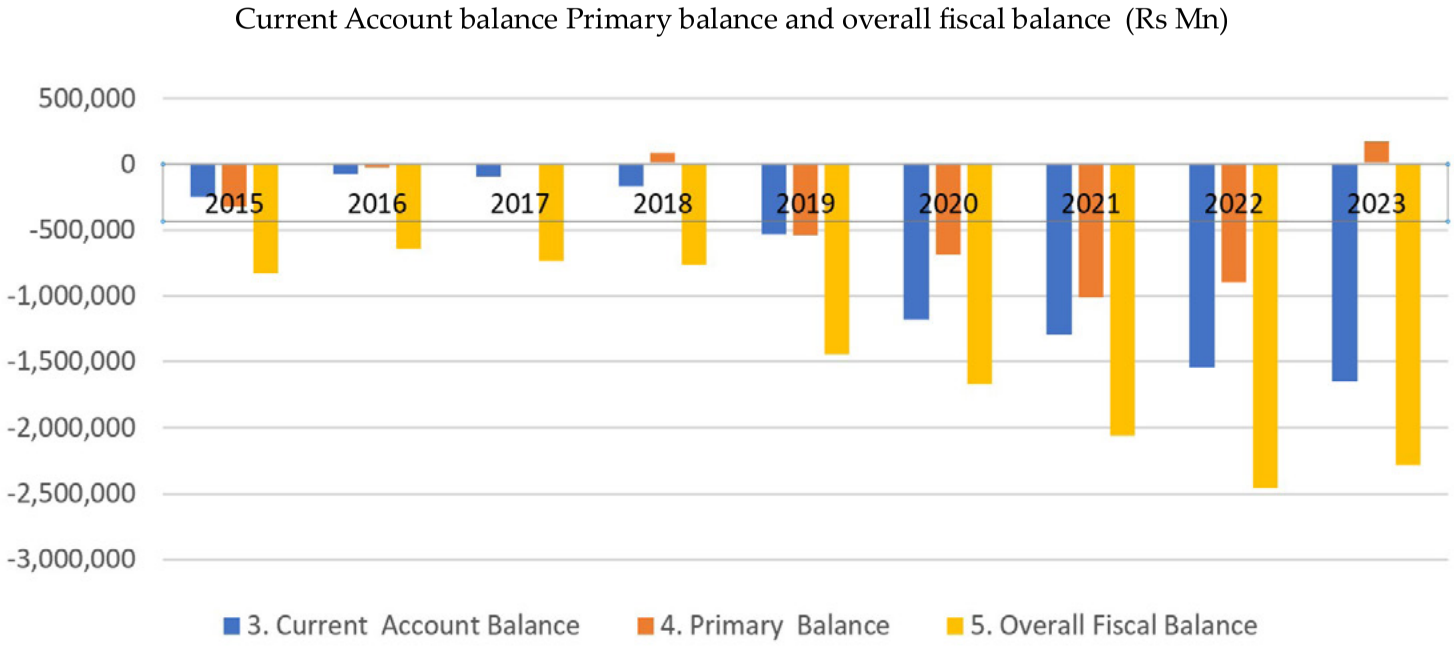


Figure 4.3 Current Account balance Primary balance and overall fiscal balance (Rs Mn)
Source: CBSL

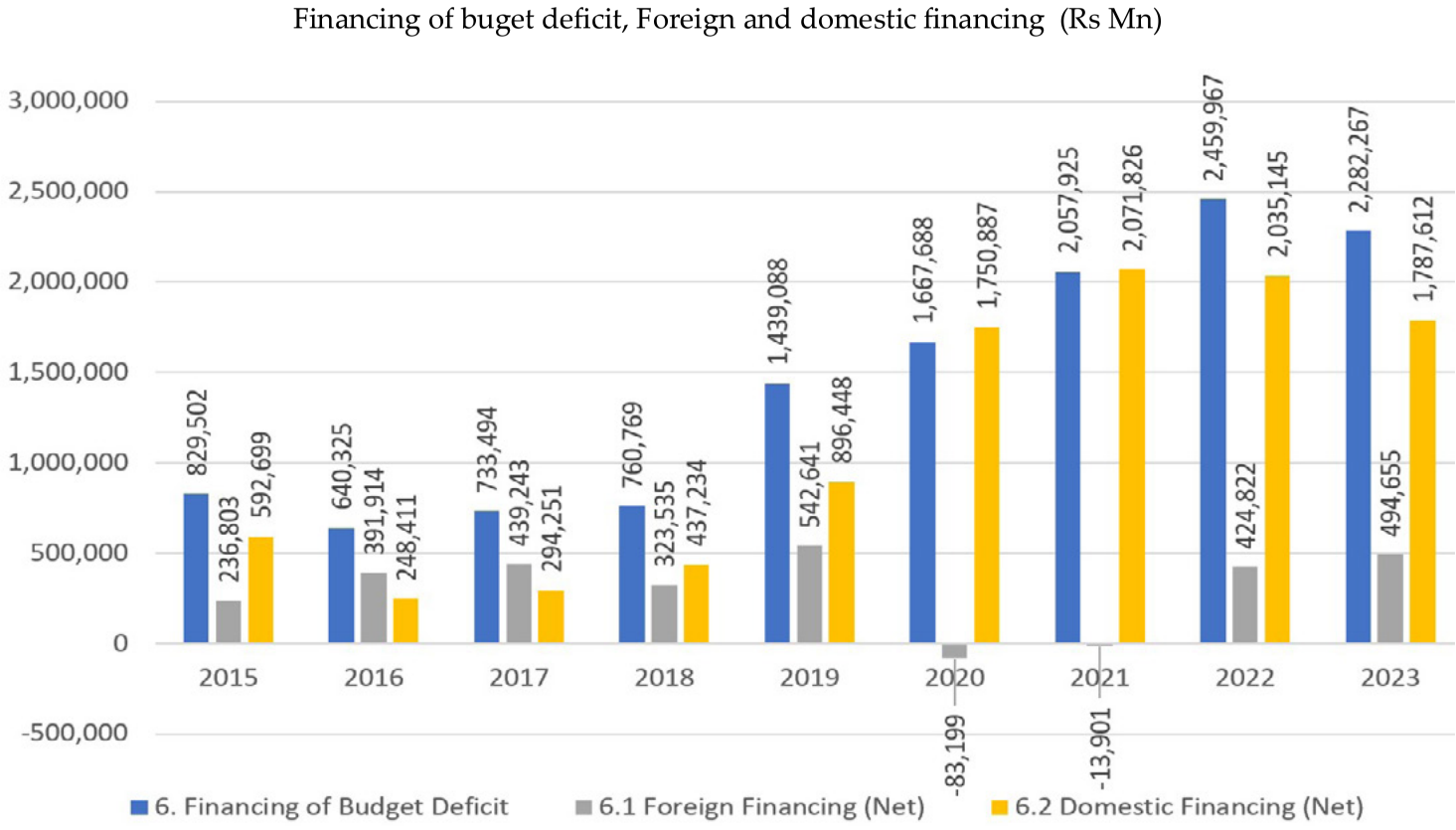
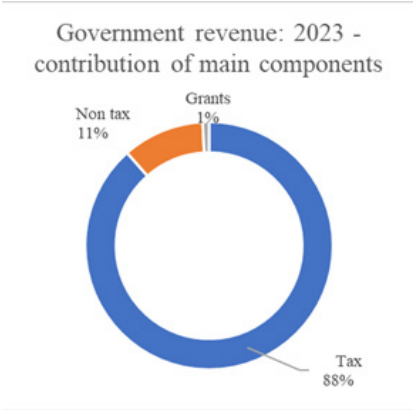


Figure 4.4 Financing of budget deficit, Foreign and domestic financing
Source: CBSL

Government Revenue and Expenditure (Rs Million)

Item	2015	2016	2017	2018	2019 (a)	2020	2021	2022	2023
1. Total Revenue and Grants	1,460,892	1,693,558	1,839,562	1,932,459	1,898,808	1,373,308	1,463,810	2,012,589	3,074,324
1.1 Total Revenue	1,454,878	1,686,062	1,831,531	1,919,973	1,890,899	1,367,960	1,457,071	1,979,184	3,048,822
Tax	1,355,779	1,463,689	1,670,178	1,712,318	1,734,925	1,216,542	1,298,019	1,751,132	2,720,563
Non tax	99,099	222,374	161,353	207,656	155,974	151,417	159,052	228,052	328,259
1.2 Grants	6,014	7,496	8,031	12,486	7,909	5,348	6,740	33,405	25,502
2. Expenditure and Net Lending	2,290,394	2,333,883	2,573,056	2,693,228	3,337,896	3,040,996	3,521,735	4,472,556	5,356,591
2.1 Recurrent	1,701,658	1,757,782	1,927,693	2,089,713	2,424,582	2,548,359	2,747,512	3,519,633	4,699,679
2.2 Capital and Net Lending	588,736	576,101	645,364	603,515	913,314	492,638	774,223	952,923	656,912
3. Current Account Balance	-246,779	-71,719	-96,162	-169,740	-533,683	-1,180,399	-1,290,441	-1,540,448	-1,650,857
4. Primary Balance	-319,828	-29,430	2,071	91,421	-537,736	-687,386	-1,009,542	-894,777	173,332
5. Overall Fiscal Balance	-829,502	-640,325	-733,494	-760,769	-1,439,088	-1,667,688	-2,057,925	-2,459,967	-2,282,267
6. Financing of Budget Deficit	829,502	640,325	733,494	760,769	1,439,088	1,667,688	2,057,925	2,459,967	2,282,267
6.1 Foreign Financing (Net)	236,803	391,914	439,243	323,535	542,641	-83,199	-13,901	424,822	494,655
6.2 Domestic Financing (Net)	592,699	248,411	294,251	437,234	896,448	1,750,887	2,071,826	2,035,145	1,787,612

Surces: Ministry of Finance, Economic Stabilization and National Policies and Central Bank of Sri Lanka



Sri Lanka's tax revenues for 2023 have been revised up to Rs2,721 billion, which contributes to 88% of the government revenue The share of non-tax revenue was only 11%. Sri Lanka's government revenue primarily comes from various sources, including Taxes, Non -Tax Revenue, Borrowings, and Grants and Aids.

Figure 4.4 Government revenue: 2023 - contribution of main components, Source: CBSL

Table 4.2 Economic classification of taxes (Rs Million)

Item	2015	2016	2017	2018	2019	2020	2021	2022	2023
1. Tax Revenue	1,355,779	1,463,689	1,670,178	1,712,318	1,734,925	1,216,542	1,298,019	1,751,132	2,720,563
1.1 Taxes on Foreign Trade	244,231	302,538	311,782	288,341	280,965	312,334	277,275	273,926	335,266
Import Duty	132,189	156,487	136,501	96,991	98,427	114,183	64,339	50,009	105,120
PAL/RIDL/SCL/Other	112,042	146,051	175,280	191,351	182,538	198,151	212,935	223,917	230,146
1.2 Taxes on Domestic Goods and Services	724,282	747,147	921,244	959,365	843,355	555,718	629,812	857,459	1,399,126
VAT	219,700	283,470	443,760	461,740	443,877	233,786	308,213	463,072	694,460
Domestic	130,527	168,134	275,367	282,576	273,963	148,061	185,462	291,619	469,107
Imports	89,173	115,336	168,393	179,163	169,914	85,725	122,751	171,452	225,353

Excise Tax	497,652	454,952	469,500	484,287	399,478	321,932	306,861	342,523	469,622
Liquor	105,264	120,238	113,684	113,944	115,443	120,990	138,637	165,188	170,260
Tobacco/Cigarettes	80,015	88,792	86,002	92,243	87,367	94,345	88,539	104,160	118,481
Petroleum	45,092	55,719	73,983	66,318	61,740	53,111	55,339	53,074	143,642
Motor Vehicle and Other	267,282	190,203	195,831	211,781	134,927	53,486	24,346	20,101	37,239
Licence Taxes, SSCL and Other	6,929	8,726	7,984	13,339	n.a	n.a	14,738	51,864	235,044
1.3 Taxes on Net Income and Profits	262,583	258,857	274,562	310,449	427,700	268,249	302,115	534,021	911,355
Corporate	162,019	164,592	177,591	212,112	261,089	214,819	252,673	464,443	559,710
Non-Corporate	38,152	46,426	45,619	62,242	60,959	28,490	36,303	49,537	193,488
Tax on Interest	62,412	47,839	51,351	35,991	50,351	9,989	12,410	19,839	157,911
Capital Gains Tax	-	-	-	104	n.a	n.a	-	-	-
Other	n.a.	n.a.	n.a.	n.a.	55,302	14,951	728	202	247
1.4 Stamp Duty/Cess Levy/ SRL/NBT/NSL/TL	124,683	155,147	162,591	154,162	182,904	80,241	88,817	85,726	74,816
2. Non Tax Revenue	99,099	222,374	161,353	207,656	155,974	151,417	159,052	228,052	328,259
2.1 Current Revenue	99,001	221,966	161,353	207,656	155,974	151,417	159,052	228,052	328,259
Property Income	39,055	131,198	67,922	73,820	46,404	60,984	57,158	71,287	109,961
Rent	2,823	10,980	4,450	5,591	4,727	12,055	5,090	5,862	6,986
Interest	4,498	4,826	7,395	8,140	13,819	7,297	6,466	7,326	26,245
Profits and Dividends	29,798	108,160	53,998	41,828	27,857	17,624	30,591	28,092	75,701
National Lotteries Board and other Transfers	1,936	2,231	2,079	3,261	n.a	n.a	-	-	-
Item	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**

Central Bank Profit Transfers	-	5,000	-	15,000	-	24,009	15,012	30,007	1,029
Social Security Contributions	15,213	18,046	22,940	25,215	28,985	32,417	34,619	37,416	36,258
Fees and Administration Charges	42,398	68,365	66,635	101,132	73,884	47,370	42,645	90,050	146,566
Other	2,334	4,357	3,855	7,490	6,701	10,646	24,630	29,300	35,474
2.2 Capital Revenue (d)	98	407	-	-	-	-	-	-	-
Total	**1,454,878**	**1,686,062**	**1,831,531**	**1,919,973**	**1,890,899**	**1,367,960**	**1,457,071**	**1,979,184**	**3,048,822**

Table 4.3 Government Expenditure

Item	2015	2016	2017	2018	2019 (a)	2020	2021	2022	2023 (b)
1.Recurrent Expenditure	**1,701,658**	**1,757,782**	**1,927,693**	**2,089,713**	**2,424,582**	**2,548,359**	**2,747,512**	**3,519,633**	**4,699,679**
1.1 Expenditure on Goods and Services	772,563	746,250	756,591	806,002	848,278	974,351	1,014,612	1,139,066	1,239,195
Salaries and Wages	561,730	576,471	588,518	626,045	686,452	794,158	845,680	956,210	939,496
Civil Administration	323,287	334,306	342,371	374,567	420,300	509,555	553,492	636,331	627,501
Defence	238,443	242,165	246,148	251,478	266,152	284,603	292,188	319,880	311,995
Other Purchases of Goods and Services	210,834	169,779	168,072	179,957	161,826	180,193	168,932	182,856	299,700
Civil Administration	144,079	108,286	102,420	116,850	82,489	100,006	82,079	85,402	144,688
Defence	66,755	61,493	65,652	63,107	79,338	80,187	86,853	97,455	155,011
1.2 Interest Payments	509,674	610,895	735,566	852,190	901,353	980,302	1,048,382	1,565,190	2,455,600
Foreign	115,386	126,713	164,942	212,708	233,970	266,679	253,750	128,621	123,391

Domestic	394,289	484,182	570,623	639,482	667,383	713,623	794,633	1,436,569	2,332,208
1.3 Transfer Payments	419,420	400,637	435,536	431,521	551,524	717,133	684,518	815,376	1,004,884
Households	345,483	317,153	350,420	342,546	456,241	610,486	595,696	719,467	912,416
Non-Financial Public Enterprises	27,929	33,220	30,728	27,330	26,153	17,712	17,110	28,949	27,133
Institutions and Other	46,009	50,264	54,389	61,646	69,130	88,936	71,712	66,961	65,335
1.4 Adjustment for arrears as per the Ministry of Finance	-	-	-	-	123,428	-123,428	-	-	0
2. Capital Expenditure	**588,175**	**577,036**	**638,343**	**612,561**	**619,069**	**795,368**	**767,606**	**715,429**	**913,601**
2.1 Acquisition of Fixed Assets	313,260	328,202	360,333	355,763	385,366	483,543	438,753	445,521	647,958
2.2 Capital Transfers	274,916	248,834	278,010	256,798	239,688	307,917	326,578	268,601	265,644
Public Institutions	197,712	184,689	215,508	200,265	200,172	254,384	265,074	229,425	218,379
Non-Financial Public Enterprises	42,473	32,066	26,377	29,474	20,704	34,365	27,801	19,194	12,625
Sub National Governments	34,063	29,887	34,511	23,481	18,812	19,168	33,704	19,982	34,640
Abroad	668	2,191	1,614	3,579	n.a	n.a	-	-	-
2.3 Other	n.a.	n.a.	n.a.	n.a.	-5,985	3,907	2,275	1,308	-
3. Lending Minus Repayments	**561**	**-934**	**7,021**	**-9,046**	**-4,933**	**-3,552**	**6,617**	**237,495**	**-256,689**
3.1 Net Lending through Advance Accounts	-1,070	708	4,396	4,129	1,172	-529	-257	-887	442
3.2 Lending to Public Enterprises	14,592	16,977	19,043	12,408	12,166	16,405	22,030	298,864	19,144
3.3 Loan Repayments in Public Enterprises	-12,961	-18,619	-16,418	-25,584	-18,271	-19,429	-15,156	-60,483	-276,275
4. Adjustment for arrears on capital expenditure as per the Ministry of Finance	-	-	-	-	299,178	-299,178	-15,156	-	0
Total	**2,290,394**	**2,333,883**	**2,573,056**	**2,693,228**	**3,337,896**	**3,040,996**	**3,521,735**	**4,472,556**	**5,356,591**

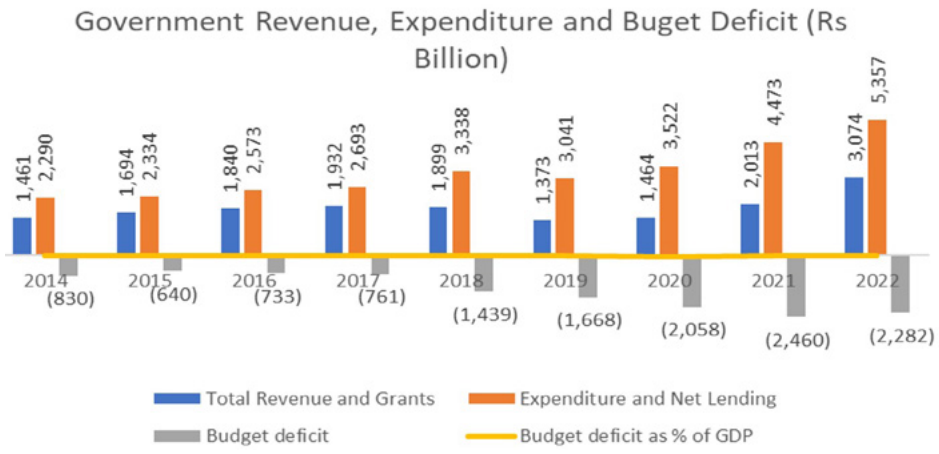


Figure 4.2 Budget Deficit
Source: CBSL

Both revenue and expenditure have increased over the years, while the expenditure has grown at a faster rate, leading to a growing budget deficit. The budget deficit as a percentage of GDP shows a concerning upward trend, suggesting that the gap between revenue and expenditure is widening relative to the overall economy. The government needs to either increase revenue or decrease expenditure or do both to manage the growing budget deficit.

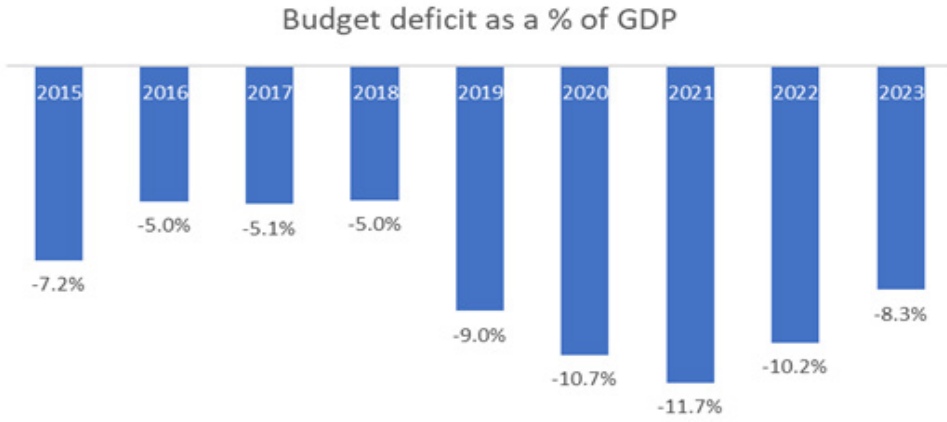
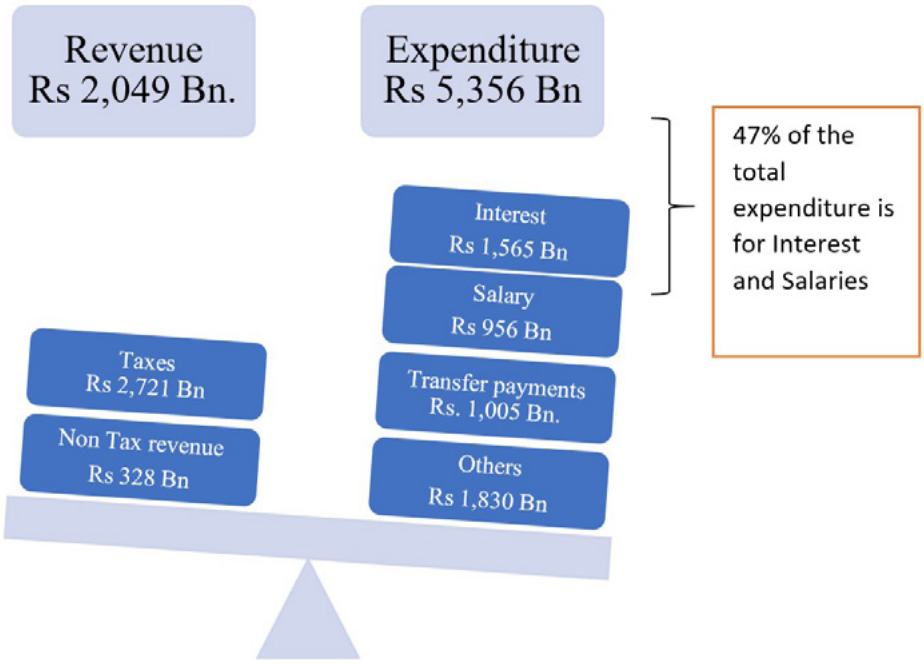


Figure 4.3 Budget deficit as a % of GDP
Source: CBSL

Sri Lanka's budget deficit has shown significant fluctuations between 2015 and 2023, largely influenced by various economic policies, global economic conditions, and domestic challenges. During these years, Sri

Lanka's budget deficit fluctuated but generally remained high, averaging around 5-9% of GDP. This period saw efforts to increase revenue through tax reforms, but expenditures, particularly on public sector wages and social welfare programs, kept the deficit elevated. In 2011 the deficit reached high, at approximately 11.6% of GDP, as the government continued to struggle with reduced revenues and high expenditures amidst ongoing pandemic-related economic challenges. The budget deficit was 10.2% of GDP in 2022. The government faced significant fiscal challenges, including high debt levels and economic instability, which necessitated austerity measures and efforts to increase revenue. However, the government aimed to reduce the budget deficit to 8.3 % of GDP.



CHAPTER V

Government Debts

5.1 Government Debts

Sri Lanka lost access to international financial markets in 2020 when its credit rating was downgraded. Without market access, Sri Lanka continues to repay foreign debt and pay for imports with state reserves and bank loans. Official reserves fell from $7.6 billion in 2019 to less than $400 million (excluding a currency transaction for US$1.5 billion with China) in June 2022. In June 2022, net foreign assets in the banking sector declined to -5.9 billion US dollars. This acute currency liquidity restriction has been felt across the economy, particularly since the second quarter of 2022, with shortages of gasoline, medications, cooking gas, and other inputs required for economic activity. Amid dwindling reserves, Sri Lanka declared an external debt service moratorium in April 2022.

So the country has faced challenges related to high levels of debt, including both domestic and external debt. The following Figure 5.1 shows a summary of Foreign and Local debts as of End March 2024.

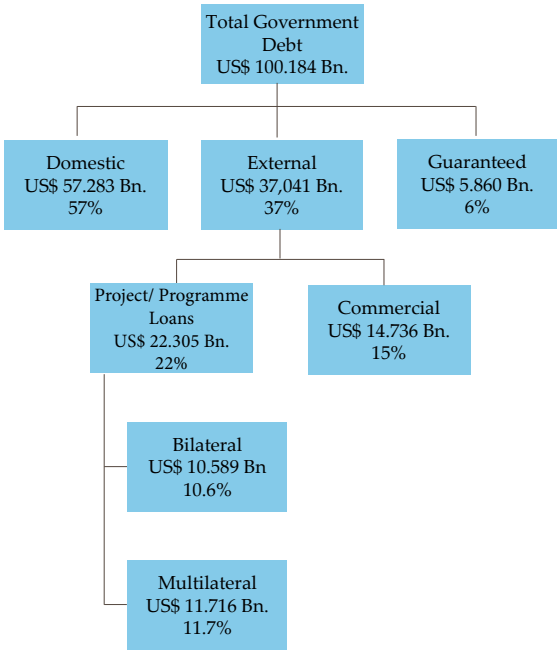


Figure 5.1 : Summary of Public Debt as at end March 2024
Source: Ministry of Finance, Economic Stabilization and National Policies

The Sri Lanka rupee witnessed a strengthening in 2023 and early 2024. Extensive efforts to restructure the Government's external debt portfolio would provide the required space for the

country to make a sustainable recovery, once the process is completed. The Government continued to rely primarily on domestic sources to finance the budget deficit, amidst constraints in accessing foreign sources. The central government debt as a percentage of GDP declined by end 2023, primarily due to the growth in nominal GDP and partly due to the impact of rupee appreciation on foreign debt.

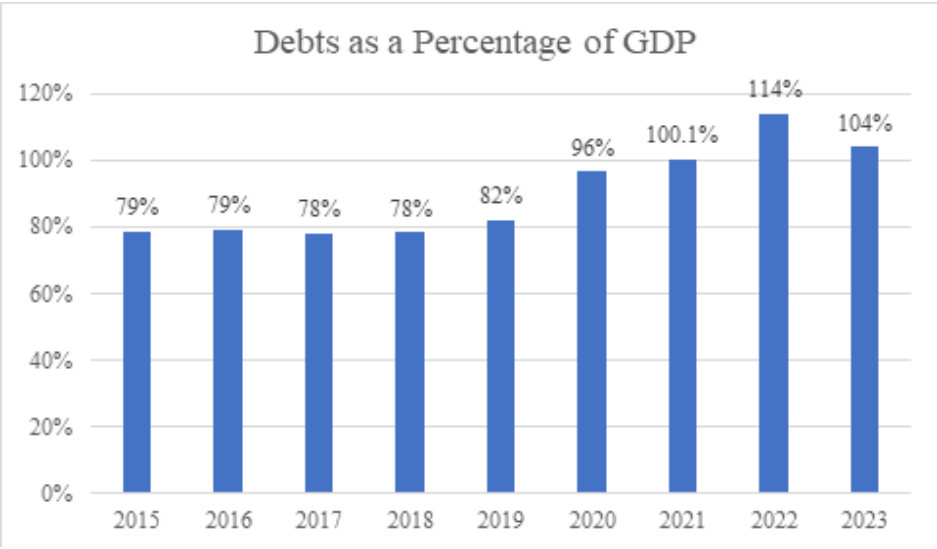


Figure 5.2 : Government Debts as a percentage of GDP.
Source: CBSL

Sri Lanka's debt as a percentage of GDP was quite high, hovering more than 100% over the last three years. However, this figure has decreased to 104% in 2023 compared to 2022 due to increased GDP in 2023 (Figure 5.2).

5.1.1 External Debts

Sri Lanka has a considerable external debt of US$ 37 billion by March 2024, which comprises loans and bonds issued in foreign currencies. External loans totaling $32.3 billion are for bilateral and multilateral projects/ programs, whereas commercial loans totaling $14.7 billion.

External debt can pose risks, particularly if the country's currency depreciates or if there are difficulties in meeting foreign currency

obligations. Sri Lanka has borrowed from international organizations such as the International Monetary Fund (IMF) and World Bank, as well as from bilateral and multilateral lenders.

During first half of 2024, the Government continued to rely on domestic sources to meet the budget deficit, due to the existing limitations in accessing the international capital markets. Upon successful completion of the Domestic Debt Optimization (DDO) programme,

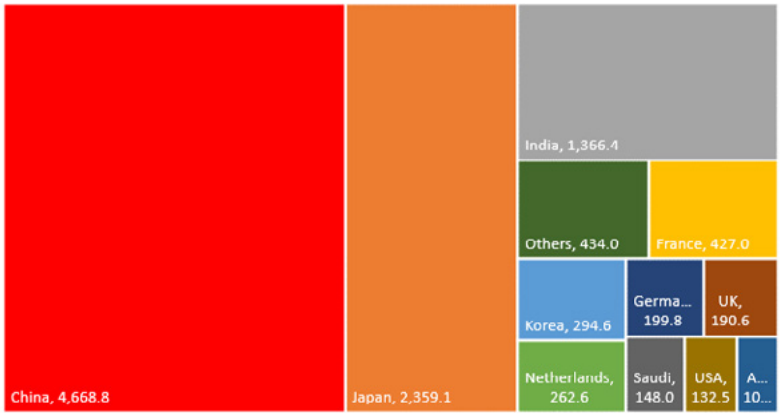


Figure 5.3 Outstanding of Government External Bilateral Debt (in US$ Mn.) by Creditor Countries as of March 2024.
Source: Ministry of Finance, Economic Stabilization

Sri Lanka's total outstanding bilateral debt is US$ 10,588 million, of which US$ 8,393 (79%) is owned by China, Japan, and India. China is Sri Lanka's largest bilateral lender (44% of the total bilateral debt).

Table 5.1: Outstanding of Government External Multilateral Debt by Creditor Organizations as of March 2024.

	Amount (US$ Mn)	Percentage
Asian Development Bank (ADB)	6,204.1	53%
World Bank	4,334.2	37%
International Monetary Fund (IMF)	672.3	6%
International Fund for Agricultural Development (IFAD)	164.4	1%
OPEC Fund for International Development (OFID)	126.0	1%
Asian Infrastructure Investment Bank (AIIB)	111.4	1%
European Investment Bank (EIB)	89.8	1%
Nordic Development Fund (NDF)	14.1	0%
Total	**11,716.3**	**100%**

Source: Ministry of Finance, Economic Stabilization

Meeting debt repayment obligations has been a challenge for Sri Lanka at times, leading to discussions with creditors about restructuring or rescheduling debt. The COVID-19 pandemic exacerbated these challenges, as it caused economic disruptions and reduced government revenue while increasing spending on health and social support measures. Sri Lanka has taken steps to address its debt challenges, including implementing fiscal reforms, improving debt management practices, and seeking financial assistance from international partners. However, addressing long-term debt sustainability requires comprehensive reforms to strengthen public finances, enhance revenue generation, and promote economic growth.

However, in June 2024, Sri Lanka reached a final restructuring agreement for $5.8 billion of debt with its bilateral lenders' Official Creditor Committee (OCC) in Paris (The OCC is a platform comprising 17 countries including India and members of the Paris Club such as Japan, that have extended loans to Sri Lanka. It was formed in May 2023 with the aim of simplifying Sri Lanka's debt negotiations after the country defaulted on its external debt, in the wake of an unprecedented financial crash in 2022). This agreement grants significant debt relief, allowing Sri Lanka to allocate funds to essential public services & secure concessional financing for development needs.

Commercial debt represented a significant portion of Government external debt which amounted to 40 percent followed by the multilateral debt (32 percent) and bilateral debt (28 percent).

About 85 percent of the Commercial category debt consisted of International Bond Issuances (ISBs) and the rest from Term Financing Facilities (Syndicated Loans).

5.1.2. Domestic Debts

In addition to that Sri Lanka's government borrows money domestically by issuing treasury bonds, treasury bills, and other instruments. Domestic debt can be held by individuals, banks, and other domestic institutions. High levels of domestic debt can crowd out private-sector investment and lead to higher interest rates.

Table 5.2 : Summary of Outstanding of Domestic Debt as of Mary 2024.

	Amount US$ Mn	Percentage
Treasury Bills	12,928	22.57%
Treasury Bonds	41,522	72.49%
Local Loans in Foreign Currency - FCBU	240	0.42%
Suhurupaya Loan Account of Ministry of Defence	12	0.02%
Retirement Gratuity Loan Account	146	0.25%
Government Guaranteed Ceylon Petroleum Corporation Loan	2,435	4.25%
Total	**57,283**	**100.00%**

Source: Ministry of Finance, Economic Stabilization

5.2 Sri Lanka's New Debt Proposals

In 2024, Sri Lanka initiated restructuring discussions with bondholders, proposing innovative financial instruments to manage the country's sovereign debt more sustainably.

The rescheduling agreement reached so far with bondholders by Sri Lankan authorities suggest a loan repayment moratorium for its US$ 12 billion bilateral debts until 2028. Sri Lanka plans to reduce debt service levels below 30% of revenue, citing fiscal reforms and strengthening public finances. Debt deals with bondholders steering committee lack real debt cancellation or write-offs. The country has submitted a new restructuring proposal to dollar bondholders through its adviser, as the country seeks to revamp its defaulted debt. The deals include contingency clauses to increase payments if the country reaches positive economic results.

CHAPTER VI

External Sector

Sri Lanka's economy was already displaying indications of decline prior to the COVID-19 outbreak. Growth and poverty reduction have stalled during the previous five years. External imbalances were exacerbated by a restrictive trade system, a sluggish investment climate, periods of slack monetary policy, and a managed currency rate. Sustained fiscal inequalities, caused mainly by inadequate revenue collections, combined with tax cuts in 2019, have resulted in substantial fiscal deficits, significant gross financing needs, and rapid rise in unsustainable debt. However, Gross Official Reserves amounted at US$5.0 billion by the end of March 2024, a significant rise from US$4.4 billion at the end of 2023.

6.1 Balance of Payment

The balance of payments (BoP) is a comprehensive record of all economic transactions between residents of a country and the rest of the world over a specified period, typically a year or a quarter.

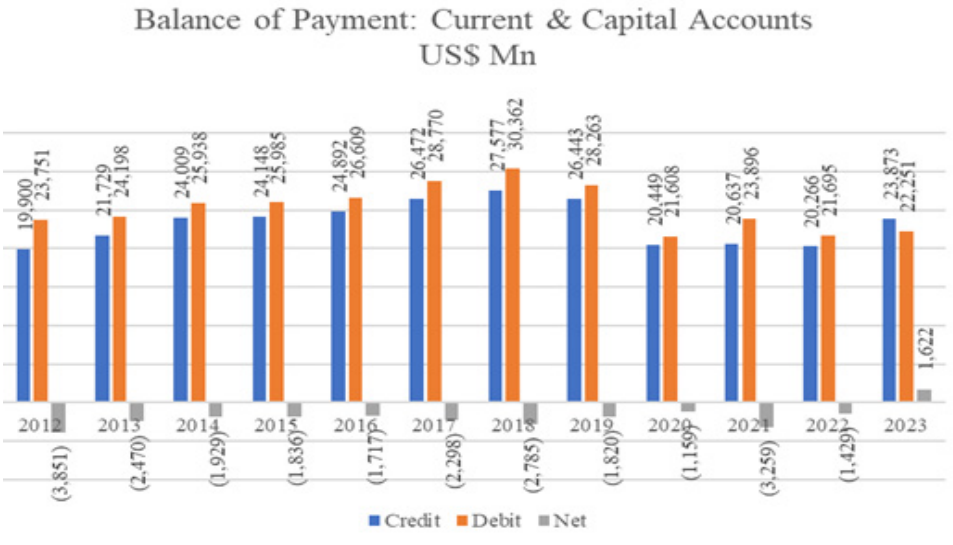


Figure 6.1 Balance of Payment: Current & Capital Accounts US$ Mn

Source: CBSL

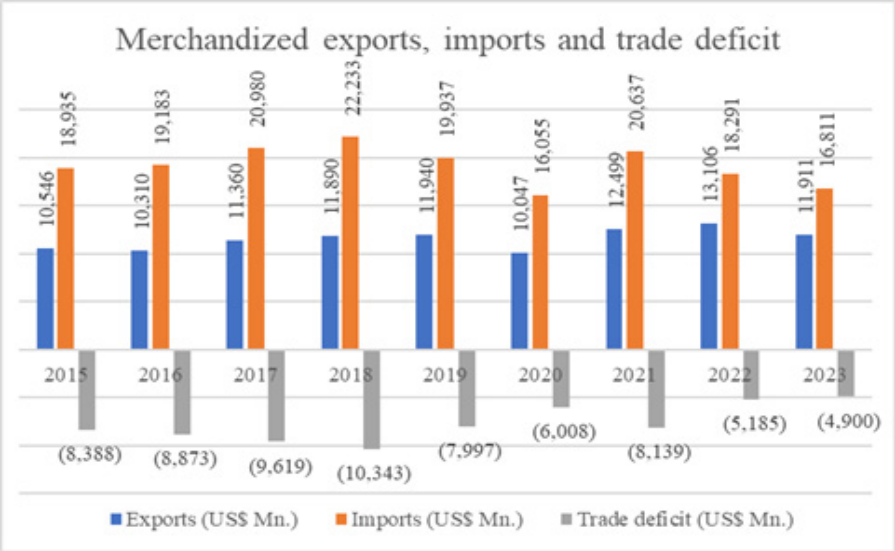


Figure 6.2 Merchandized exports, imports and trade deficit
Source: CBSL

Sri Lanka lost access to international financial markets in 2020 when its credit rating was downgraded. Without market access, Sri Lanka continues to repay foreign debt and pay for imports with state reserves and bank loans. Official reserves fell from $7.6 billion in 2019 to less than $400 million (excluding a currency transaction for US$1.5 billion with China) in June 2022. In June 2022, net foreign assets in the banking sector declined to -5.9 billion US dollars. This acute currency liquidity restriction has been felt across the economy, particularly since the second quarter of 2022, with shortages of gasoline, medications, cooking gas, and other inputs required for economic activity. Amid dwindling reserves, Sri Lanka declared an external debt service moratorium in April 2022.

The merchandise trade deficit in January 2024 increased due to higher imports, but tourism-based services trade recovered significantly. Gross official reserves improved to US$4.5 billion by February 2024, supported by net purchases from the Central Bank. The Sri Lanka rupee continued to appreciate by 6.7% in 2024 despite four foreign exchange purchases. The authorities reached a Staff Level Agreement on economic policies with the International Monetary Fund after reviewing Sri Lanka's Extended Fund Facility arrangement and 2024 Article IV consultation.

6.2 Merchandized Exports

Sri Lanka's export economy is dominated mainly by; tea, apparel, and cash-crop exports. Table 6.1 shows the average exports per annum in Sri Lanka under 11 categories from 2012-2021. As per table 6.1, the total exports is in US$ Million per annum, and nearly half (47%) was from garments-related exports and 72% of the total exports was in both garments, textile-related commodities and agriculture and food products categories. Out of one thousand sixty-two items, only 200 items shows more than 1 Export Revealed Comparative Advantage (RCA) and the contribution of these 200 items to the total export is US$ 10,290,444 thousand p.a. (91% of total exports). Agriculture and Food production is being more interesting category, which contributed nearly one in fourth of the total exports (22%). Therefore, Sri Lanka's exports are dominated substantially by garments and textiles, tea, and some agricultural crop products. The garments and textile sector plays the biggest part in the country's manufacturing and exports.

Table 6.1: Sri Lankan Exports by Categories: Average p.a : 2012-2021

Category	Average p.a. 2012:2021 (US$ Mn.)	Percent
Garments, Textiles & Related	5,251	47%
Agriculture & Food Products	2,725	25%
Plastics & Rubbers	1,010	9%
Electrical, Electronics, Machinery	454	4%
Processed Stone & Glass	426	4%
Transportation Products	281	3%
Medical, Consumer & Other Products	243	2%
Extractives	233	2%
Chemicals & Related	195	2%
Wood Products	164	1%
Processed Metals	112	1%
Not Specified	16	0.1%
Total	**11,115**	**100%**

Source: (ITC.n.d)

6.2.1 Sri Lanka's Sectoral Specialization and Export Competitiveness

Sri Lanka's sectoral specialization and export competitiveness will be discussed in terms of counties share of exports to world trade and Export RCA. Measures of RCA have been used to help assess a country's export potential.

The RCA index of country i for product j is often measured by the product's share in the country's exports in relation to its share in world trade:

$$RCAij = (xij/Xit)/\ (xwj/Xwt)$$

Where, $xij$and xwj are the values of country i's exports of product j and world exports of product j and where Xit and Xwt refer to the country's total exports and world total exports. The export RCA index can be used to determine the most important product groups for the country's export trade. Export statistics were interpreted with tables. Cluster analysis was done to find groups or clusters in average exports p.a. and export RCA by different HS codes When the export comparative advantage, (RCA) greater than 1, for a given product, it is inferred to be a competitive exporter of that product relative to a country producing and exporting that good at or below the world average. Table 6.2 shows top ten (10) merchandised exports items with highest RCA in Sri Lanka over the period from 2012 to 2021. The RCA indicates whether a country is in the process of extending the products in which it has a trade potential, as opposed to situations in which the number of products that can be competitively exported is static.

Table 6.2: Ten (10) Merchandised Exports Items with Highest RCA in Sri Lanka (from 2012 to 2021)

HS code		Avg. RCA (2012: 2021)	Coefficient of Variance of RCA
'0906	Cinnamon and cinnamon-tree flowers	475	28%
'5305	"Coconut, abaca ""Manila hemp or Musa textilis Nee"", ramie, agave and other vegetable textile ...	383	25%
'0902	Tea, whether or not flavoured	280	24%
'4012	Retreaded or used pneumatic tyres of rubber; solid or cushion tyres, tyre treads and tyre flaps	212	9%
'0907	Cloves, whole fruit, cloves and stems	123	56%
'6116	Gloves, mittens and mitts, knitted or crocheted (excluding for babies)	102	14%

'6212	Brassieres, girdles, corsets, braces, suspenders, garters and similar articles and parts thereof	82	9%
'2824	Lead oxides; red lead and orange lead	75	20%
'6108	Women's or girls' slips, petticoats, briefs, panties, nightdresses, pyjamas, négligés, bathrobes	73	8%
'1404	Vegetable products,	70	76%

Table 6.3 Merchandized Exports (US$ Mn)

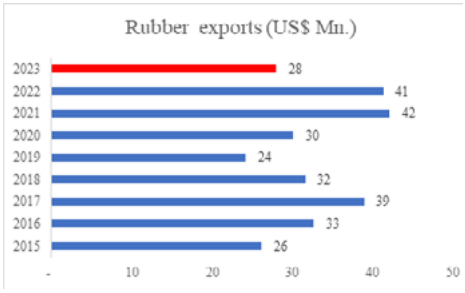
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Agricultural exports	2,481	2,326	2,767	2,579	2,462	2,336	2,729	2,568	2,567
Industrial exports	8,017	7,940	8,542	9,258	9,426	7,672	9,702	10,465	9,278
Mineral exports	28	29	34	34	34	25	45	50	38
Unclassified	20	15	17	18	18	14	23	23	28
Total exports	10,546	10,310	11,360	11,890	11,940	10,047	12,499	13,106	11,911

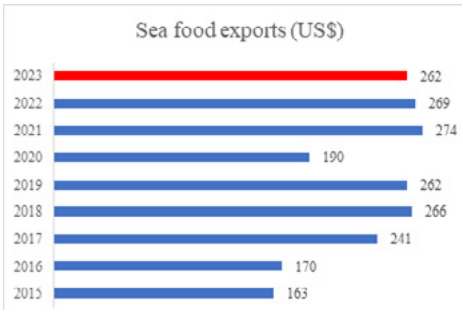
Source: CBSL

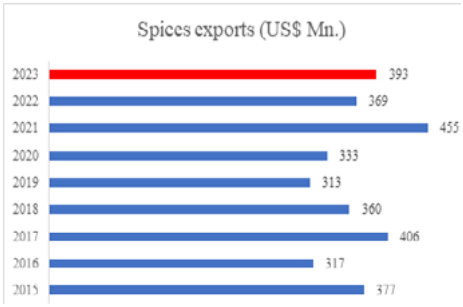
Table 6.4 Merchandized Exports(Percentages by category)

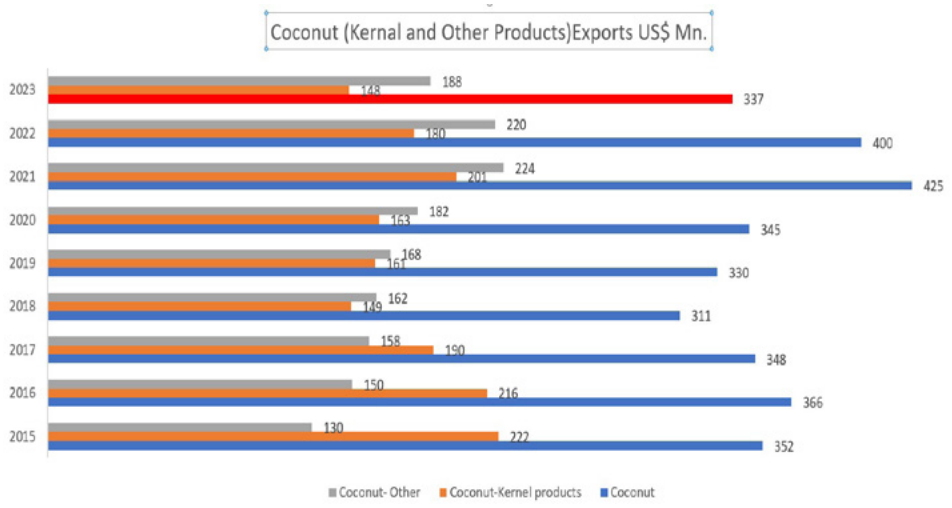
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Agricultural exports	24%	23%	24%	22%	21%	23%	22%	20%	22%
Industrial exports	76%	77%	75%	78%	79%	76%	78%	80%	78%
Mineral exports	0.3%	0.3%	0.3%	0.3%	0.3%	0.2%	0.4%	0.4%	0.3%
Unclassified	0.2%	0.1%	0.1%	0.1%	0.2%	0.1%	0.2%	0.2%	0.2%
Total exports	100%	100%	100%	100%	100%	100%	100%	100%	100%

Figure 6. 3 Exports of selected products









6.3 Imports

Sri Lanka faces challenges in managing its trade deficit, as imports often exceed exports. Fluctuations in global prices for oil and other commodities can significantly impact import costs. Additionally, foreign exchange reserves and economic policies play crucial roles in regulating import activities.

Table 6.5 Merchandized Imports (Value US$ Mn)

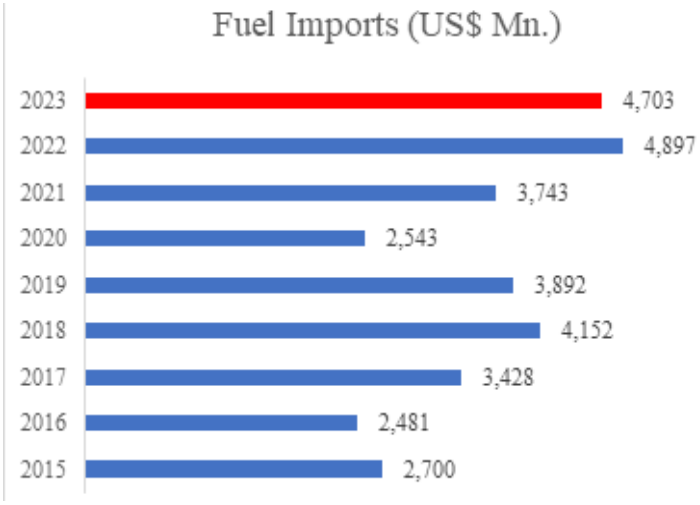
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Consumer goods	4,713	4,319	4,503	4,980	3,957	3,402	3,849	2,813	3,044
Intermediate goods	9,638	9,870	11,436	12,488	11,370	9,077	12,309	12,439	11,007
Investment goods	4,567	4,981	4,895	4,690	4,603	3,563	4,463	3,030	2,745
Unclassified imports	16	13	147	75	8	14	17	9	16
Total imports	18,935	19,183	20,980	22,233	19,937	16,055	20,637	18,291	16,811

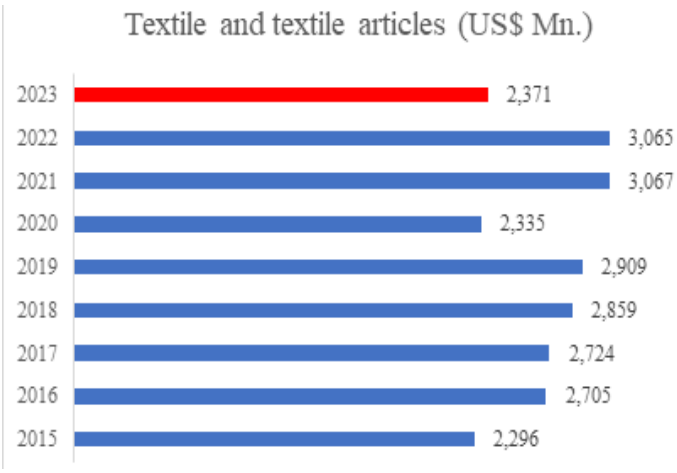
Source: CBSL

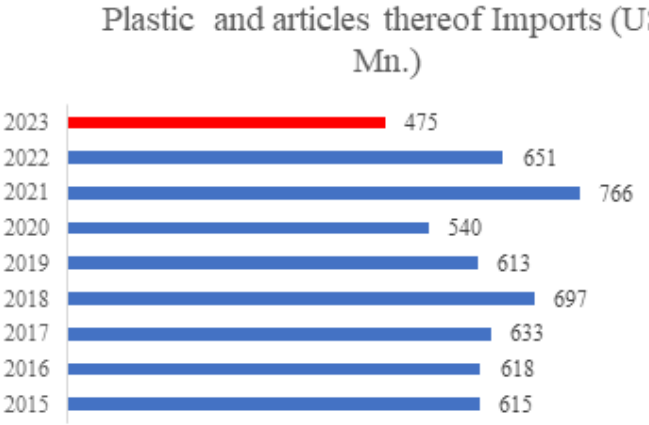
Table 6.6 Merchandized Imports (Percentages by category)

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Consumer goods	25%	23%	21%	22%	20%	21%	19%	15%	18%
Intermediate goods	51%	51%	55%	56%	57%	57%	60%	68%	65%
Investment goods	24%	26%	23%	21%	23%	22%	22%	17%	16%
Unclassified imports	0.1%	0.1%	0.7%	0.3%	0.0%	0.1%	0.1%	0.0%	0.1%
Total imports	100%	100%	100%	100%	100%	100%	100%	100%	100%

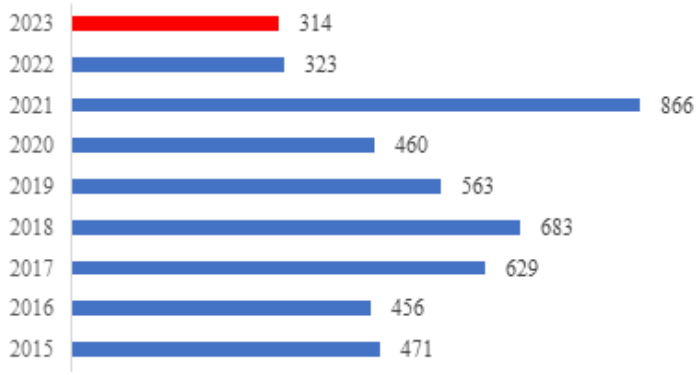
Figure 6. 3 Imports of selected products


Fuel Imports (US$ Mn.)
2023 4,703
2022 4,897
2021 3,743
2020 2,543
2019 3,892
2018 4,152
2017 3,428
2016 2,481
2015 2,700

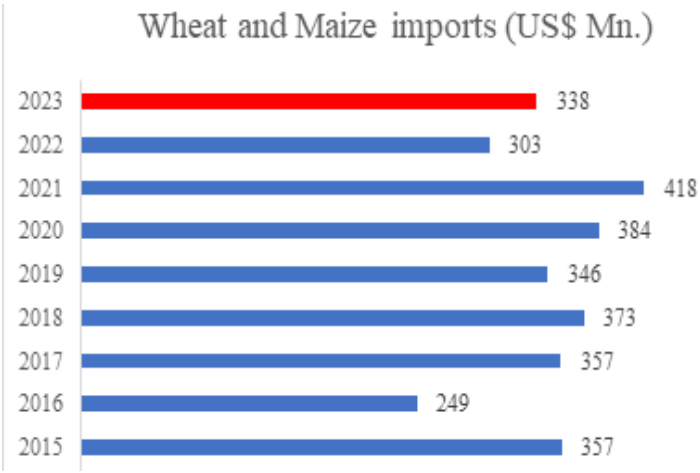

Textile and textile articles (US$ Mn.)
2023 2,371
2022 3,065
2021 3,067
2020 2,335
2019 2,909
2018 2,859
2017 2,724
2016 2,705
2015 2,296


Plastic and articles thereof Imports (US$ Mn.)
2023 475
2022 651
2021 766
2020 540
2019 613
2018 697
2017 633
2016 618
2015 615

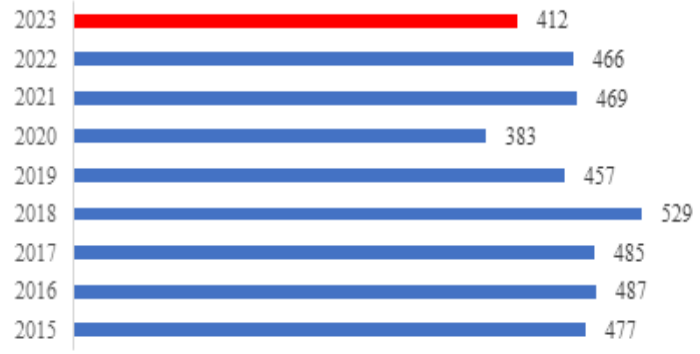
Base metal imports (US$ Mn.)

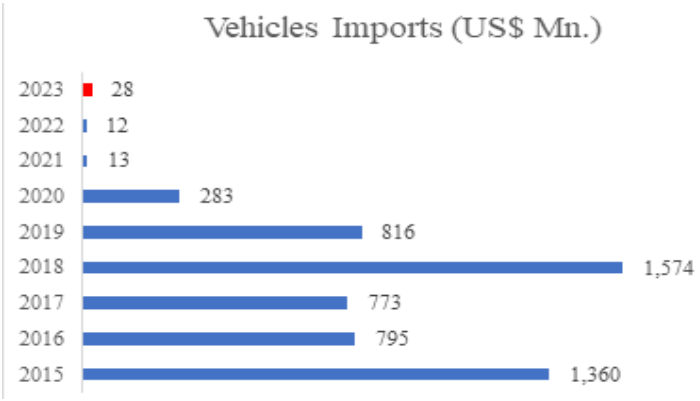


Wheat and Maize imports (US$ Mn.)



Paper and paperboard and articles thereof (US$ Mn.)





6.4 Tourism

Tourist arrivals have shown significant growth over the past decade, though they were impacted by events such as the Easter Sunday attacks in 2019 and the COVID-19 pandemic. Major source markets include India, China, the United Kingdom, Germany, and France.

Key Attractions:

- Cultural Heritage: Sri Lanka boasts eight UNESCO World Heritage Sites, including the ancient cities of Anuradhapura and Polonnaruwa, the Sigiriya rock fortress, and the sacred city of Kandy.
- Natural Beauty: The country is renowned for its pristine beaches, lush tea plantations, national parks, and diverse wildlife, including elephants, leopards, and marine life.
- Adventure and Eco-Tourism: Activities such as hiking, surfing, diving, and wildlife safaris attract adventure enthusiasts and eco-tourists.

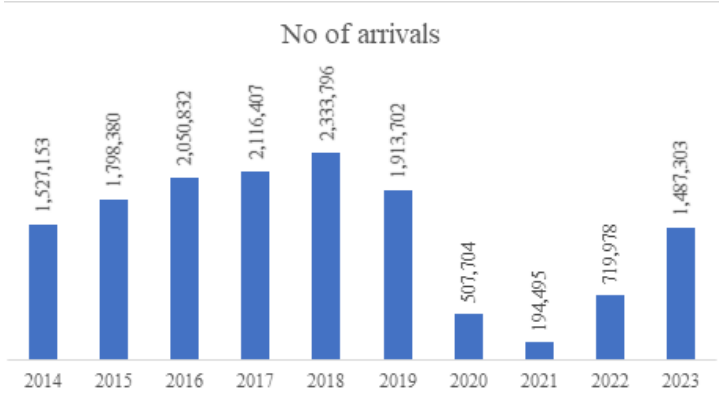


Figure 6.4 Tourism : No of Arrivals, Source: CBSL and Sri Lanka Tourism Development Authority

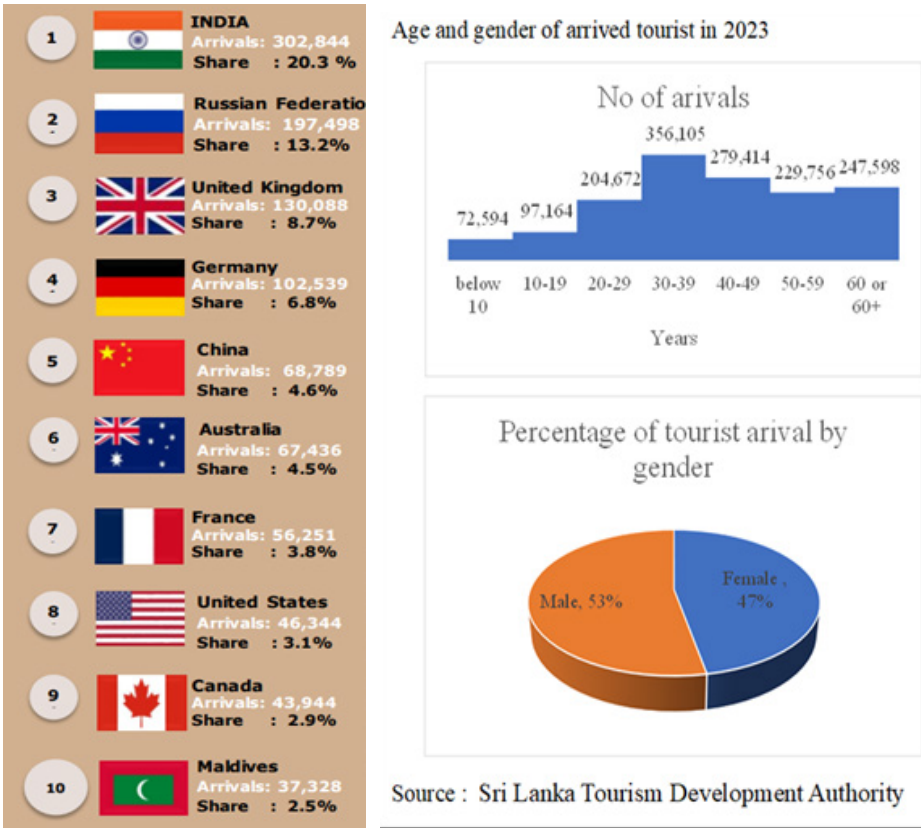


Figure 6.5 Age and gender of arrived tourist in 2023

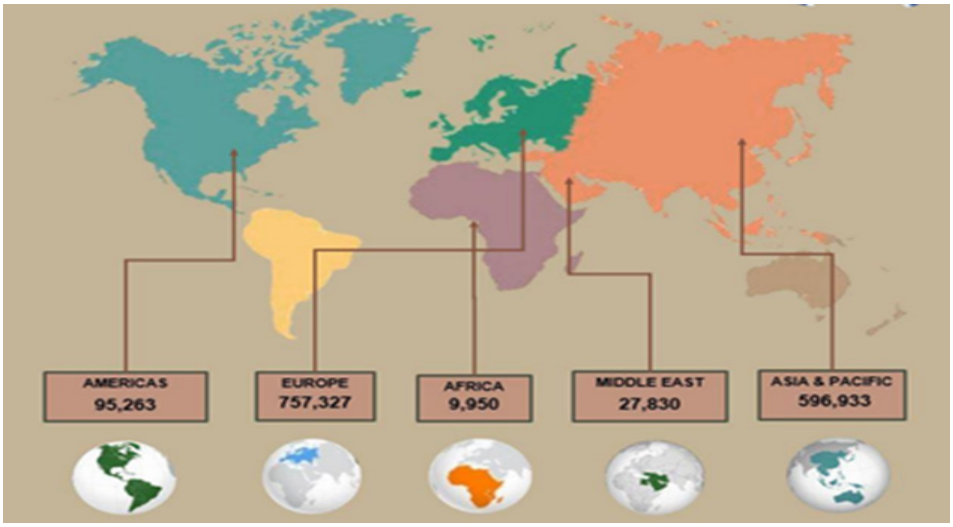


Figure 6.6 Tourist arrivals by region in 2023
Source: Sri Lanka Tourism Development Authority

6.5 Foreign Employment

The pandemic affected remittance flows, with some disruptions due to job losses and return migrations, but many countries reported resilience in remittance inflows as migrant workers continued to send money home. Worker's remittances are a vital component of Sri Lanka's economy, providing essential financial support to households and contributing to foreign exchange reserves. By implementing strategies to diversify migration destinations, protect migrant workers, reduce transaction costs, and leverage remittances for development, Sri Lanka can maximize the benefits of remittance flows and support sustainable economic growth.

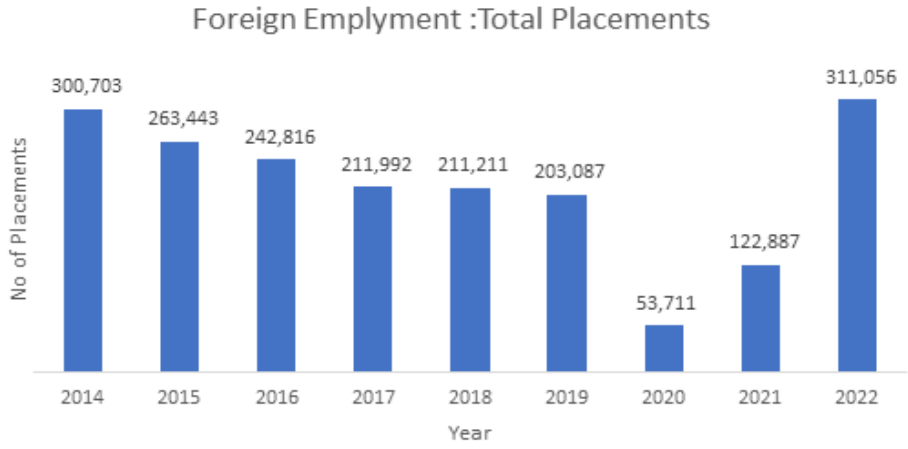


Figure 6.7 Foreign Employment
Source : Sri Lanka Bureau of Foreign Employment

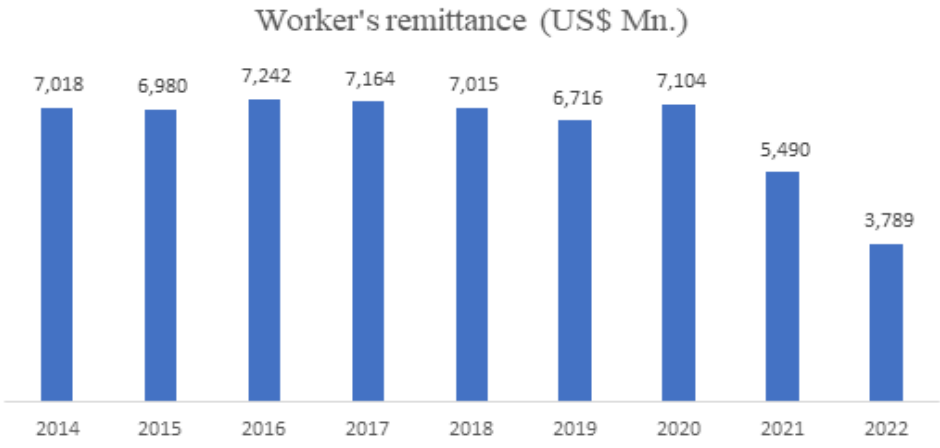


Figure 6.8 Worker's remittance
Source : Sri Lanka Bureau of Foreign Employment

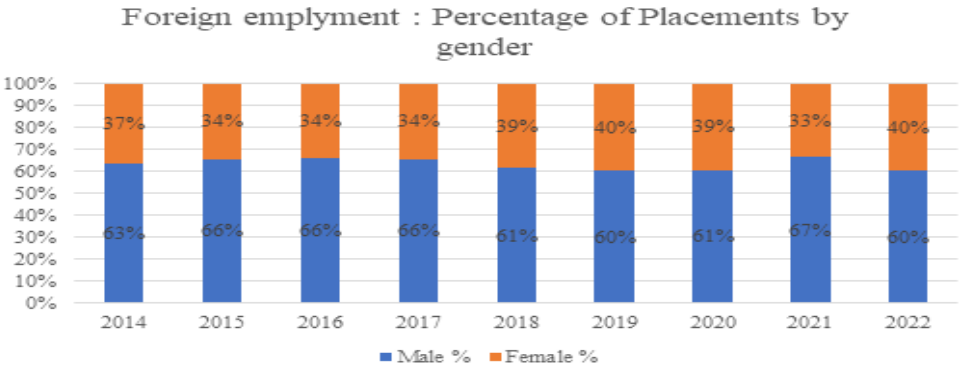


Figure 6.9 Foreign employment : Percentage of Placements by gender
Source: Sri Lanka Bureau of Foreign Employment

Throughout the period, males consistently make up the majority of foreign employment placements, ranging between 60% and 67% and female percentage has shown some variability, peaking at 40% in 2019 and 2022.

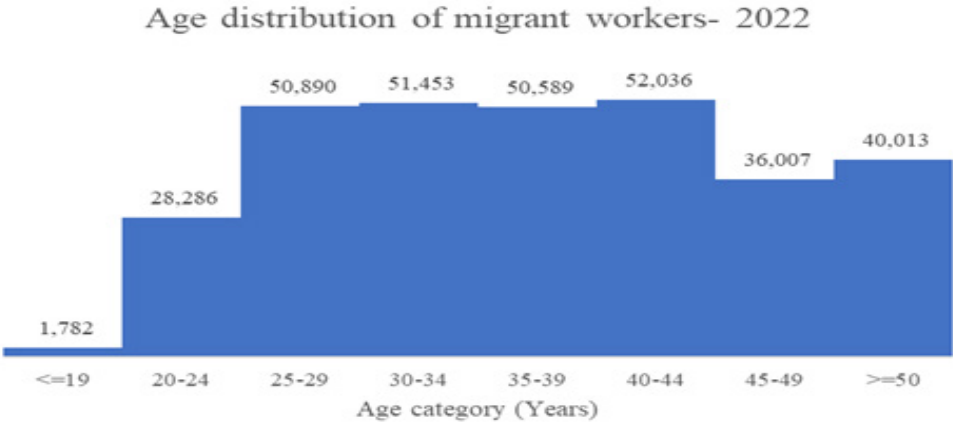


Figure 6.10 Age distribution of migrant workers- 2022
Source : Sri Lanka Bureau of Foreign Employment

According to the age distribution majority are in the range from 20 years to 44 years. Showing a flat distribution.

Professional		Skilled		Semi-skilled			Middle Level		Clerical & Related		Low Skilled		Total
				Domestic Housekeeping Assistant	Others								
Male	Female	Male	Female	Female	Male	Female	Male	Female	Male	Female	Male	Female	
1,466	12,841	6,858	85,978	74,007	412	3,721	1,335	6,795	2,547	9,587	37,466	68,043	311,056
0.5%	4.1%	2.2%	27.6%	23.8%	0.1%	1.2%	0.4%	2.2%	0.8%	3.1%	12.0%	21.9%	100%

Source: Sri Lanka Bureau of Foreign Employment

Table 6.8 Worker's Remittance from 2018 to 2022

Origin	US$ Mn					Percentage share				
	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022
Middle East	3,592	3,459	3,673	2,834	1,936	51%	52%	52%	52%	51%
European Union	1,312	1,263	1,350	1,032	705	19%	19%	19%	19%	19%
Far East Asia	849	826	870	686	481	12%	12%	12%	12%	13%
Europe – Other	309	282	305	231	155	4%	4%	4%	4%	4%
North America	182	161	178	126	91	3%	2%	3%	2%	2%
South East Asia	407	376	408	324	220	6%	6%	6%	6%	6%
Australia and New Zealand	154	175	178	143	102	2%	3%	3%	3%	3%
South Asia	154	134	114	93	76	2%	2%	2%	2%	2%
South and Central America	35	27	21	16	15	0%	0%	0%	0%	0%
Others	21	13	7	5	8	0%	0%	0%	0%	0%
Total	**7,015**	**6,716**	**7,104**	**5,490**	**3,789**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Sri Lanka Bureau of Foreign Employment

The data suggests that the Middle East is the dominant source of remittances for Sri Lanka, followed by the European Union and Far East Asia. Despite the stable percentage shares, there is a noticeable decline in the absolute values of remittances across all regions over the years, particularly after 2020, possibly due to global economic challenges and the impact of the COVID-19 pandemic. This trend highlights the importance of diversifying the sources of remittances and strengthening the economic resilience of Sri Lankan households dependent on foreign remittances.

6.6 Foreign Direct Investment

Foreign direct investment (FDI) in Sri Lanka has been significant in recent years, particularly in sectors such as telecommunications, infrastructure, and tourism.

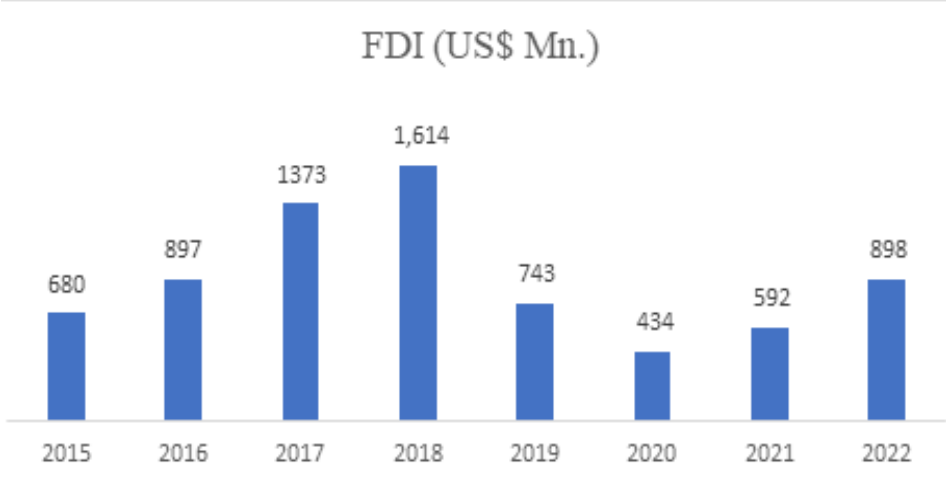


Figure 6.11 Foreign Direct Investments (FDI) Inflows

Source: CBSL

Table 6.9 Foreign direct investment by selected countries (US$ Mn.)

	2018	2019	2020	2021	2022
China	872	46	15	23	6
India	177	120	77	146	238
Singapore	145	117	35	9	111
United Kingdom	64	48	33	46	102
Netherlands	56	16	33	100	85
Mauritius	109	-2	12	12	117

Canada	13	89	12	24	76
Hong Kong	19	78	24	47	13
United States of America	18	20	13	18	33
Australia	21	26	23	17	8
United Arab Emirates	50	20	12	2	3
Sweden	32	15	8	8	22
British Virgin Islands	24	8	7	7	23
Switzerland	22	6	7	6	20
Belgium	7	10	3	5	4
Norway	1			1	26
Germany	6	5	2	3	10
Taiwan	5	6	6	5	4

Source: CBSL

CHAPTER VII

Socio-Demographic Indicators

7.1: Population

The total population of Sri Lanka was estimated approximately 22.18 million in mid-2022 with a modest annual growth rate of about less than 1 percent (Figure 6.1). By the turn of year 2031, the Current population is expected to reach its maximum amounting to 22.34 million. Although the growth of population decelerated at less than 1%, the density of population is relatively high as of 353 per square kilometer in 2022. The current population of Sri Lanka represents 0.30 percent of the world's total population and 10.percent of the Couth Asian Population. This gives Sri Lanka a population density of around 338 people per square kilometer.

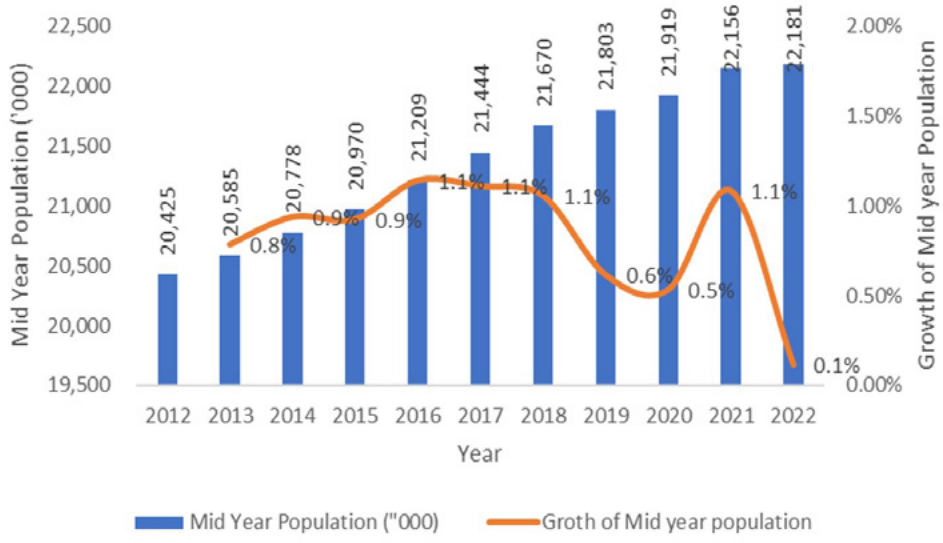
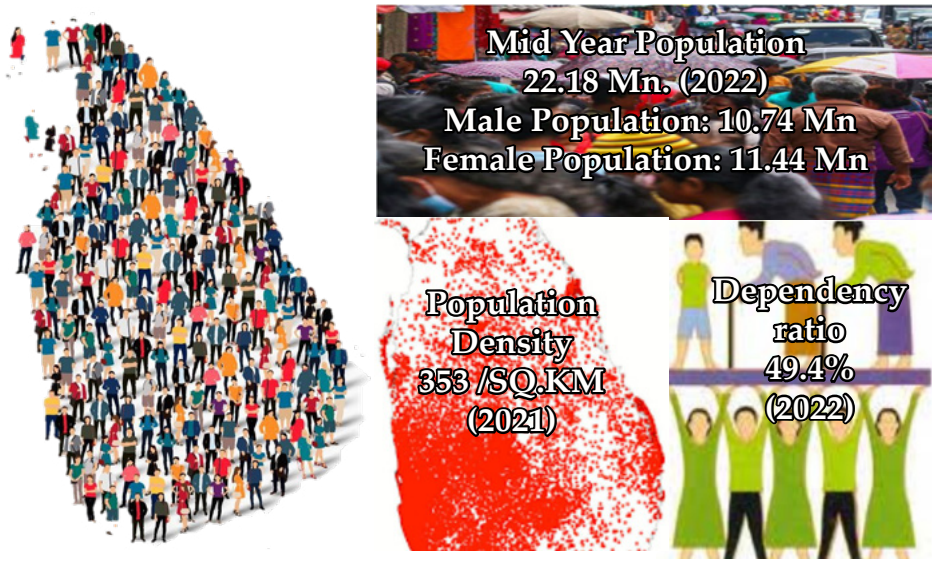


Figure 7.1 Mid year population and population growth
Source: Dept. Census and Statistics, Census reports and Statistical Abstract.



7.2: Fertility and Mortality Trends

As evident from fertility and mortality data in Sri Lanka, the lowering of mortality at first and subsequently decreasing of fertility since 1950s have mainly contributed for the declining of population growth rate and changing the age composition. Thus, Table 7.1 shows that the mortality transition preceded the fertility transition in Sri Lanka and, thus the decline in the crude death rate (CDR) was concentrated in the early years. The CDR decreased substantially to a low level as a single digit since 1950s from 19.8 in 1946 to 7.4 per thousand population in 2021 and consequently increased the life expectancy from 42 in 1946 to 78 in 2021 (Table 7.1). The infant mortality rate (IMR) in Sri Lanka also decreased gradually from 140 in 1946 to 6.9 per 1000 live births in 2021. The published crude birth rate, which is the most commonly used measure of fertility, has vastly declined from 37.4 in 1946 to 12,9 per thousand population in 2021 (Table 7.1). The declining trend of crude birth rate is also confirmed by age-sex unbiased measure of Total fertility rate (TFR) dwindled from 5.3 in 1953 to 2.1 in 2021. Thus as well cited in the literature, in general, Sri Lanka had scored the highest reduction bringing a significant shift from high to low fertility and mortality in Asia.

Table 7.1: Fertility and Mortality Trends, 1946-202

Year	CBR	CDR	TFR	Expectation of Life at birth	
				M	F
1946	37.4	19.8	5.5	43.3	41.6
1953	38.7	10.7	5.3	58.8	57.5
1963	34.1	8.5	5.0	61.9	61.4
1971	30.4	7.7	4.2	64.2	66.9
1981	28.2	5.9	3.8	67.7	72.1
1991	21.0	5.5	2.2	69.5	74.2
2001	19.1	6.0	2.0	71.7	76.4
2011	18.8	6.6	2.3	72.0	76.6
2021	12.9	7.4	2.2	72.0	78.6

Note: M= Male; F= Female
CBR= Crude Birth Rate; CDR= Crude Death Rate;
TFR= Total fertility Rate

*Source: Department of Census and Statistics, Statistical Abstracts, Statistical pocket Book, Registrar General's Department * estimated*

In Sri Lanka, there is no doubt that this dramatic decline in fertility had caused considerably the onset of the ageing process in Sri Lanka whilst the acceleration of the elderly persons, the coming decades will be influenced by further reduction of fertility (Siddhisena and Degraff, 2010).

7.3: Distribution of Population

As in many other countries, Sri Lanka population is not evenly distributed. As evident from the distribution of population by sector, about 57 percent of the population was in the wet zine which constitutes only about 21 percent of the total land area pf the country. Over the years a several social, economic and demographic factors, as well as state policies on land and housing settlements and expansion of service centres have collectively determined the prevailing the regional pattern of country's population, Thus as Table 7.2 shows that nearly 28% of the population is in the Western province and the highest population is reported in Colombo (11.2%). Mullaitivu (0.4%) and Mannar (0.5%) districts are recorded as the lowest population,

Table 7.2: Mid-Year Population in 2022 by district and sex

	Male	Female	Total	Percentage
Sri Lanka	10,740	11,441	22,181	100%
Colombo	1,216	1,262	2,478	11.2
Gampaha	1,182	1,257	2,439	11.0
Kalutara	625	667	1,292	5.8
Kandy	715	784	1,499	6.8
Matale	256	274	530	2.4
Nuwara-eliya	374	409	783	3.5
Galle	550	597	1,147	5.2
Matara	419	455	874	3.9
Hambantota	335	346	681	3.1
Jaffna	295	334	629	2.8
Kilinochchi	66	69	135	0.6
Mannar	58	57	115	0.5
Vavuniya	96	99	195	0.9
Mullaitivu	50	49	99	0.4
Batticaloa	281	309	590	2.7
Ampara	365	389	754	3.4
Trincomalee	219	225	444	2,0
Kurunegala	837	905	1,742	7.9
Puttalam	411	439	850	3.8
Anuradhapura	467	490	957	4.3
Polonnaruwa	222	227	449	2.0
Badulla	432	467	899	4.1
Monaragala	253	256	509	2.3
Ratnapura	588	605	1,193	5.4
Kegalle	428	470	898	4.0

Source: Registrar General's Department

7.4: Age-sex composition

Changes in the different segments in age composition of the population have major implications for the socio-economic development activities of a country. Therefore, changes in the functional age groups, namely children (age 0-14), adults of working age (15-59) and the elderly (60+ years) have several consequences and implications.

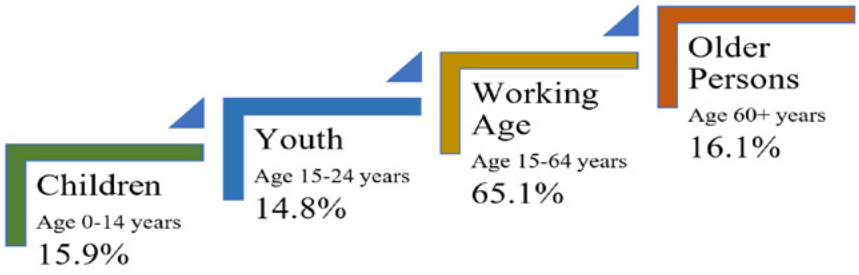
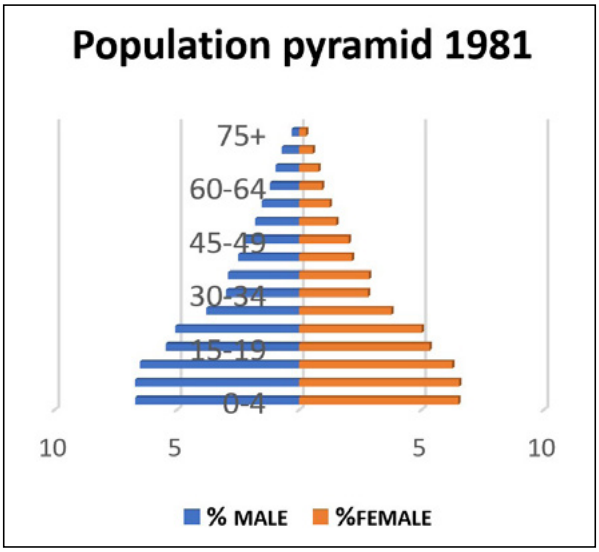


Figure 7.1: Age composition in visual

As shown in Figure 7.2 the Age-sex pyramids in Sri Lanka for 1981, 2011 of census population and projected population in 2030 clearly demonstrate the age-sex composition of population of Sri Lanka and its changes over the period. As revealed these age-sex pyramids the proportion of younger population aged less than 15 will decline dramatically whilst older proportion aged 60 will increase. Due to high fertility prevailed before 1950s, the younger proportion in Sri Lanka has increased up to 1981 and thereafter it decreased gradually and expected to decrease swiftly as fertility decreases dramatically since 1990s (Siddhisena, 2000). Undoubtedly, this decreasing trend of younger proportion was replaced by huge proportion of old in the future. This shift of age structure from younger to older with a higher proportion resulted in a transformation of the shape of the age pyramid of the country. Thus Sri Lanka has begun in conversion of age pyramid from a broad based to "barrel-shaped" or "urn-shaped" confirming aging at the apex (Siddhisena, 2010; 2005; Nanayakkara, 1996).



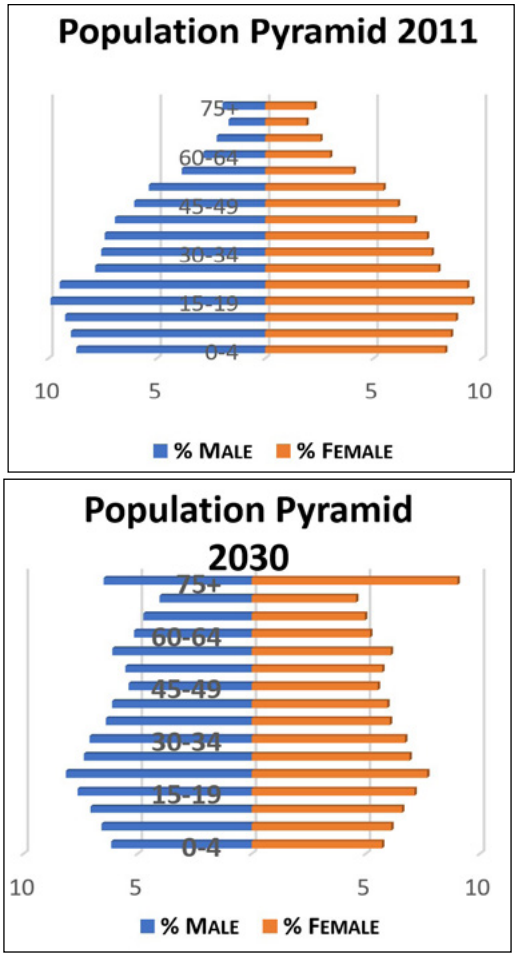


Figure 7.2: Age Pyramids, 1981, 2011, 2030
Source: DCS, Census data, 1981, 2011, projected 2030

Thus, the age composition of Sri Lanka at present indicates that there is an increasing proportion of elderly individuals (12.4%) which poses challenges for healthcare services and social support systems. The proportion of children under 15 years has swiftly declining whilst the working age populations (15-64) which is known as Population dividend has risen until 2030s (Figure 7.2).

7.5: Child population

In Sri Lanka child population is around 33.34% as percentage of children out of total population. Northern and Eastern Provinces, NuwaraEliya and Monaragala districts shows relatively higher percentage of children (Table 7.3).

Province / District	Total Population	Age Category				Total Child Population on 2020	% of Children out of Total
Sri Lanka	21,919,415	1,881,404	1,884,621	1,768,392	1,772,641	7,330,059	33.34
Western	6,164,339	465,697	480,308	451,952	468,513	1,889,471	30.65
Colombo	2,455,025	175,972	182,613	173,649	185,733	717,967	29.24
Gampaha	2,422,450	184,414	188,933	179,044	187,679	740,071	30.55
Kalutara	1,286,864	105,311	108,761	99,259	95,100	431,434	33.52
Central	2,780,872	248,584	251,047	233,654	217,270	950,556	34.18
Kandy	1,483,105	126,937	128,999	122,441	118,658	497,034	33.51
Matale	524,601	47,777	46,175	42,435	40,432	176,820	33.71
Nuwara Eliya	773,166	73,870	75,873	68,778	58,181	276,702	35.79
Southern	2,669,050	229,042	228,945	212,282	215,153	885,421	33.17
Galle	1,134,947	93,689	96,149	92,002	91,520	373,359	32.90
Matara	866,488	73,138	73,730	69,084	69,528	285,480	32.95
Hambantota	667,615	62,215	59,066	51,195	54,106	226,582	33.94
Northern	1,152,961	98,243	103,275	107,600	112,031	421,149	36.53
Jaffna	621,335	45,362	51,324	55,702	58,081	210,469	33.87
Mannar	111,930	10,532	10,484	11,278	11,188	43,483	38.85
Vavuniya	191,322	17,036	17,401	17,800	20,131	72,368	37.83
Mullaitivu	97,551	10,551	9,784	9,390	9,613	39,337	40.32
Kilinochchi	130,823	14,762	14,283	13,429	13,018	55,492	42.42
Eastern	1,746,955	178,973	178,700	172,781	172,994	703,448	40.27
Batticaloa	578,828	56,422	60,620	60,862	60,138	238,042	41.12
Ampara	736,565	75,583	73,333	67,890	69,383	286,189	38.85

Trincomalee	431,562	46,968	44,747	44,029	43,473	179,217	41.53
North-Western	2,562,686	225,029	220,141	205,834	202,938	853,942	33.32
Kurunegala	1,725,808	146,820	143,530	131,000	129,968	551,318	31.95
Puttalam	836,878	78,209	76,610	74,834	72,970	302,624	36.16
North-Central	1,385,465	136,349	122,527	109,745	110,196	478,816	34.56
Anuradhapura	942,892	94,011	83,807	75,180	75,290	328,289	34.82
Polonnaruwa	442,573	42,337	38,720	34,564	34,906	150,527	34.01
Uva	1,386,679	127,044	127,088	117,702	114,733	486,567	35.09
Badulla	886,349	78,548	81,755	77,797	71,998	310,097	34.99
Monaragala	500,330	48,496	45,333	39,905	42,736	176,470	35.27
Sabaragamuwa	2,070,406	172,443	172,591	156,842	158,813	660,689	31.91
Ratnapura	1,179,566	99,095	97,874	88,400	91,958	377,326	31.99
Kegalle	890,840	73,349	74,717	68,442	66,855	283,362	31.81

Source: Registrar General's Department, Sri Lanka (Published in DCS website)

7.6: Dependency

The dependency ratio in a population measures the proportion of dependents (people younger than 15 or older than 60) to the working-age population (ages 15-59). It is a useful indicator of the economic burden on the productive segment of the population. The dependency ratio is usually expressed as a percentage. In 2020 the dependency ratio in Sri Lanka is 49.4% (Dept. of Census and Statistics, 2021).

Sri Lanka has a relatively high life expectancy and a declining birth rate, leading to an increasing proportion of elderly people and the birth rate is declining, the youth population still constitutes a significant portion of the dependent population.

7.7: Urbanization

Urbanization in Sri Lanka has historical roots dating back to colonial times when the British developed infrastructure, including ports, railways, and administrative centers, contributing to urban growth. After gaining independence in 1948, urbanization continued, albeit at a slower pace, with a focus on developing Colombo, the capital city, as the main urban center. Economic Opportunities, development of infrastructures and Education ana health concerns are the main factors that drive urbanization. The urban population of the country is more than 4 million and by the end 2023 urban population percentage has increased up to 19 % (Figure 7.3). There is reasing trend of urbanization.

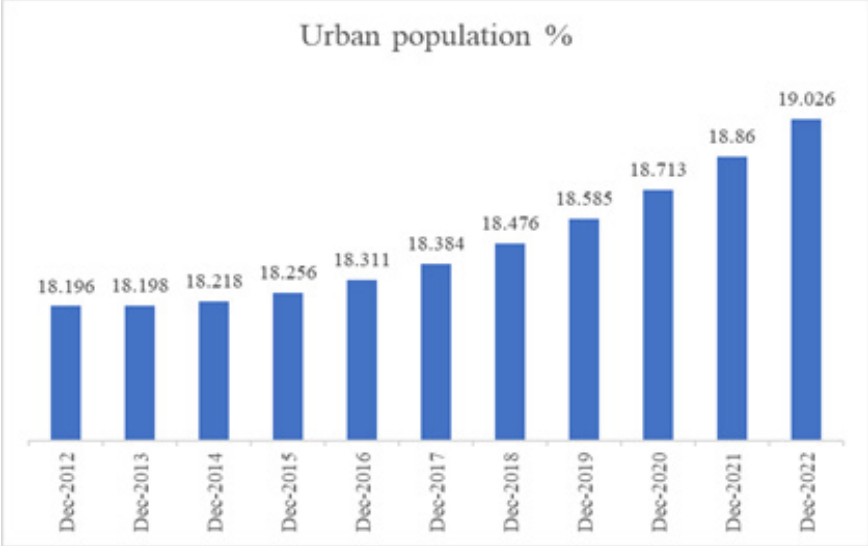


Figure 7. 3: Trends in Urban Population
Source: DCS , Statistical Abstracts, 2013-2022.

7.8: Population by Ethnicity

Sri Lanka is a multi-ethnic country with a diverse population. In terms of Sri Lanka's ethnicities, as of 2012 census, Sinhalese constitute the majority at 74.9%, followed by Sri Lankan Tamils (11.2%), Sri Lankan Moors (9.3%), Indian Tamils (4.1%), and other ethnic groups (1.5%) (Figure 7.4).

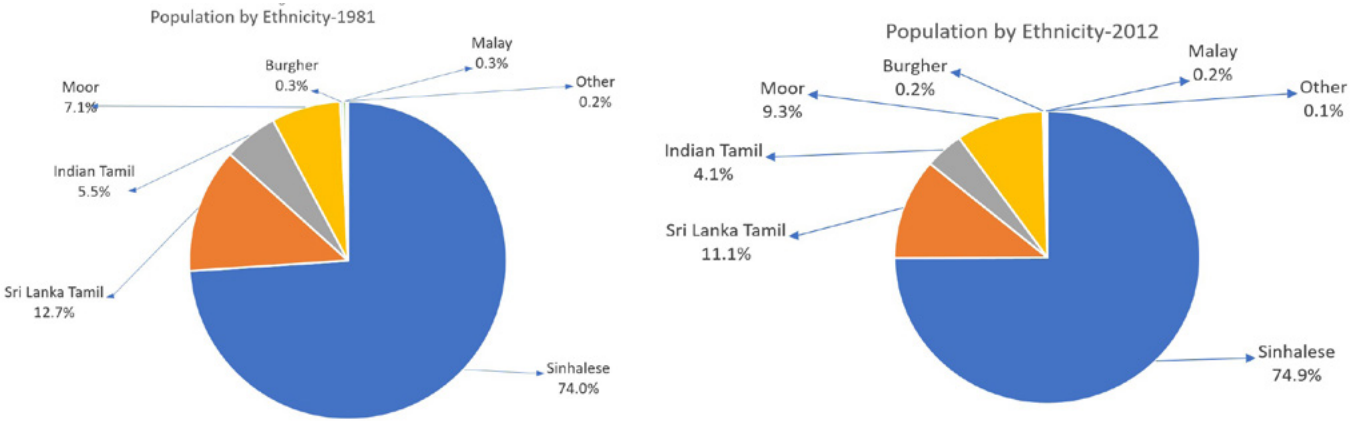


Figure 7.4: Ethnic Distribution in Sri Lanka, 1981, 2012ource: DCS, Population censu1981, 2012.

As revealed from Table 7.4 the growth of Sinhalese and Moors population had a steady increase from 1911 to 2012. Further, Sri Lankan Tamil population has also shown an increase up to 2012 except 2001 due to vastly underreported of Tamil population (4%) as exclusion of census enumeration in North & East provinces which caused by the civil war.

Table 7.4: Population in Sri Lanka by Ethnicity (thousands) 1911- 2012

Ethnicity	1911	1921	1931	1946	1953	1963	1971	1981	2001*	2012
Sinhalese	2715.5	3016.2	3473	4620.5	5616.7	7512.9	9131.3	10979.4	13876.2	15250.1
Sri Lanka Tamil	528	517.3	598.9	733.7	884.7	1164.7	1424	1886.9	732.1	2269.1
Indian Tamil	531	602.7	818.5	780.6	974.1	1123	1174.9	818.7	855	839.5
Moor	266.6	284.9	325.9	409.2	511.5	682.2	855.7	1046.9	1339.3	1892.6
Europeans	7.6	8.1	9.2	5.4	6.5	-	-	-	-	-
Burgher	26.7	29.4	32.3	41.9	46	45.9	45.4	39.4	35.3	38.2
Malay	13	13.4	16	22.5	25.4	33.4	43.5	47	54.8	44.1
Other	18	26.5	32.6	43.5	33	19.9	15.5	28.4	23.9	18.2
Total	**4,106.4**	**4,498.6**	**5,306.0**	**6,657.3**	**8,097.9**	**10,582.0**	**12,689.9**	**14,846.8**	**16,929.7**	**20,359.4**

**Total for 18 districts where the Census of Population and Housing 2001 was carried out completely.*

Source: DCS, Census Reports. 1911-2012

Ethnicity	1911- %	1921-%	1931-%	1946-%	1953-%	1963-%	1971-%	1981-%	2001-%*	2012-%
Sinhalese	66.0	67.0	65.0	69.0	69.0	71.0	72.0	74.0	82.0	75.0
Sri Lanka Tamil	13.0	11.0	11.0	11.0	11.0	11.0	11.0	12.7	4.0	11.0
Indian Tamil	13.0	13.0	15.0	12.0	12.0	11.0	9.3	5.5	5.1	4.1
Sri Lanka Moor	6.5	6.3	6.1	6.1	6.3	6.4	6.7	7.1	7.9	9.3
Europeans	0.2	0.2	0.2	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Burgher	0.7	0.7	0.6	0.6	0.6	0.4	0.4	0.3	0.2	0.2
Malay	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.2
Other	0.4	0.6	0.6	0.7	0.4	0.2	0.1	0.2	0.1	0.1
Total	**4,106.4**	**4,498.6**	**5,306.0**	**6,657.3**	**8,097.9**	**10,582.0**	**12,689.9**	**14,846.8**	**16,929.7**	**20,359.4**

**Total for 18 districts where the Census of Population and Housing 2001 was carried out completely.*

Table 7.5 and Table 7.6 show the uneven distribution of Population by ethnicity and by districts. According to both Table 7.3 and Table 7.4, in all the districts except Northern and Eastern, the Sinhalese Population are in the majority whilst the other ethnicities have been adequately represented indicating multi ethnic character (Dept. of DCS, 1982, 2012).

Table 7.5: Population in Sri Lanka by Ethnicity and Districts-1981

District	Total	Sinhalese	Sri Lanka Tamil	Indian Tamil	Moor	Burgher	Malay	Other
Sri Lanka	**14,846,750**	**10,979,568**	**1,886,864**	**818,656**	**1,046,927**	**39,374**	**46,963**	**28,398**
Western Province	**3,919,807**	**3,321,830**	**228,516**	**59,402**	**238,728**	**28,542**	**31,670**	**11,119**
Colombo	1,699,241	1,318,835	170,590	19,824	139,743	19,688	22,233	8,328
Gampaha	1,390,862	1,279,512	48,182	5,919	37,826	8,423	8,675	2,325
Kalutara	829,704	723,483	9,744	33,659	61,159	431	762	466
Central Province	**2,009,248**	**1,318,530**	**149,819**	**380,826**	**146,937**	**3,090**	**4,465**	**5,581**
Kandy	1,048,317	778,801	52,791	98,436	109,779	2,122	2,755	3,633
Matale	357,354	285,354	20,579	24,912	24,995	272	574	668
Nuwara Eliya	603,577	254,375	76,449	257,478	12,163	696	1,136	1,280
Southern Province	**1,882,661**	**1,789,914**	**14,454**	**25,215**	**46,699**	**575**	**4,710**	**1,094**
Galle	814,531	769,343	7,271	11,056	25,678	288	186	709
Matara	643,786	608,516	4,683	13,875	16,122	205	79	306
Hambantota	424,344	412,055	2,500	284	4,899	82	4,445	79

Nothern Province	**1,109,404**	**35,128**	**957,247**	**63,759**	**50,831**	**539**	**160**	**1,740**
Jaffna	830,552	6,659	790,385	19,980	12,958	383	72	115
Mannar	106,235	8,683	54,474	13,850	27,717	36	35	1,440
Vavuniya	95,428	15,794	54,179	18,714	6,505	25	34	177
Mullaitivu	77,189	3,992	58,209	11,215	3,651	95	19	8
Eastern Province	**975,251**	**243,701**	**399,299**	**10,857**	**315,436**	**4,158**	**1,045**	**755**
Batticaloa	330,333	11,255	233,713	4,074	78,829	2,292	46	124
Ampara	388,970	146,943	77,826	1,411	161,568	697	168	357
Trincomalee	255,948	85,503	87,760	5,372	75,039	1,169	831	274
North Western Province	**1,704,334**	**1,532,979**	**47,202**	**8,905**	**109,791**	**1,002**	**2,213**	**2,242**
Kurunegala	1,211,801	1,125,912	14,920	6,616	60,791	562	1,259	1,741
Puttalam	492,533	407,067	32,282	2,289	49,000	440	954	501
North Central Province	**849,492**	**774,799**	**13,293**	**843**	**58,413**	**287**	**447**	**1,410**
Anuradhapura	587,929	535,834	8,026	719	41,777	228	338	1,007
Polonnaruwa	261,563	238,965	5,267	124	16,636	59	109	403
Uva Province	**914,522**	**696,596**	**42,866**	**138,357**	**31,912**	**683**	**1,612**	**2,496**
Badulla	640,952	443,024	37,520	129,498	26,600	613	1,419	2,278
Moneragala	273,570	253,572	5,346	8,859	5,312	70	193	218

Sabaragamuwa Province	**1,482,031**	**1,266,091**	**34,168**	**130,492**	**48,180**	**498**	**641**	**1,961**
Ratnapura	797,087	677,510	19,094	84,740	13,791	342	412	1,198
Kegalle	684,944	588,581	15,074	45,752	34,389	156	229	763

Source: DCS, 1981 Census Report

Table 7.6: Population in Sri Lanka by Ethnicity and Districts-2012

District	Total	Sinhalese	Sri Lanka Tamil	Indian Tamil	Moor	Burgher	Malay	Other
Sri Lanka	**20,359,439**	**15,250,081**	**2,269,266**	**839,504**	**1,892,638**	**38,293**	**44,130**	**25,527**
Western Province	**5,851,130**	**4,925,547**	**339,370**	**56,643**	**460,550**	**25,278**	**27,853**	**15,889**
Colombo	2,324,349	1,778,971	235,090	24,289	249,609	13,306	14,444	8,640
Gampaha	2,304,833	2,086,469	81,245	9,137	97,621	10,784	12,720	6,857
Kalutara	1,221,948	1,060,107	23,035	23,217	113,320	1,188	689	392
Central Province	**2,571,557**	**1,696,846**	**126,052**	**485,986**	**254,008**	**3,531**	**3,379**	**1,755**
Kandy	1,375,382	1,023,488	69,210	85,111	191,570	2,384	2,444	1,175
Matale	484,531	391,305	24,279	23,238	44,786	386	392	145
Nuwara Eliya	711,644	282,053	32,563	377,637	17,652	761	543	435
Southern Province	**2,477,285**	**2,353,603**	**24,830**	**18,393**	**70,673**	**533**	**8,328**	**925**
Galle	1,063,334	1,003,722	13,953	6,146	38,790	256	106	361

Matara	814,048	767,580	8,772	12,127	25,254	131	58	126
Hambantota	599,903	582,301	2,105	120	6,629	146	8,164	438
Nothern Province	**1,061,315**	**31,985**	**988,186**	**7,789**	**32,796**	**246**	**55**	**258**
Jaffna	583,882	2,284	577,338	1,807	2,162	126	23	142
Mannar	99,570	2,305	80,103	692	16,436	12	11	11
Vavuniya	172,115	17,138	141,144	1,979	11,748	58	8	40
Mullaitivu	92,238	8,927	79,107	2,281	1,821	49	11	42
Kilinochchi	113,510	1,331	110,494	1,030	629	1	2	23
Eastern Province	**1,555,510**	**360,738**	**610,033**	**4,151**	**574,327**	**4,816**	**571**	**874**
Batticaloa	526,567	6,797	380,930	2,078	133,854	2,814	28	66
Ampara	649,402	252,458	112,457	846	281,702	1,036	187	716
Trincomalee	379,541	101,483	116,646	1,227	158,771	966	356	92
North Western Province	**2,380,861**	**2,040,701**	**66,382**	**4,547**	**262,848**	**1,815**	**1,851**	**2,717**
Kurunegala	1,618,465	1,479,863	18,041	2,594	115,302	663	1,220	782
Puttalam	762,396	560,838	48,341	1,953	147,546	1,152	631	1,935
North Central Province	**1,266,663**	**1,151,005**	**12,029**	**638**	**100,869**	**334**	**207**	**1,581**
Anuradhapura	860,575	782,808	4,728	477	70,692	246	161	1,463
Polonnaruwa	406,088	368,197	7,301	161	30,177	88	46	118

Uva Province	**1,266,463**	**1,023,476**	**30,086**	**155,485**	**54,224**	**1,108**	**1,414**	**670**
Badulla	815,405	595,372	21,880	150,484	44,716	992	1,351	610
Moneragala	451,058	428,104	8,206	5,001	9,508	116	63	60
Sabaragamuwa Province	**1,928,655**	**1,666,180**	**72,298**	**105,872**	**82,343**	**632**	**472**	**858**
Ratnapura	1,088,007	947,811	54,437	62,124	22,346	405	288	596
Kegalle	840,648	718,369	17,861	43,748	59,997	227	184	262
Total	**20,359,439**	**15,250,081**	**2,269,266**	**839,504**	**1,892,638**	**38,293**	**44,130**	**25,527**

Source: DCS, Census Report, 2012

7.9: Population in Sri Lanka by Religion

In terms of Sri Lanka's religions, Buddhists make up the majority at 70.1%, followed by Hindus (12.6%), Muslims (9.7%), Roman Catholics (6.2%) and other Christians (1.4 %). (Figure 7.5).

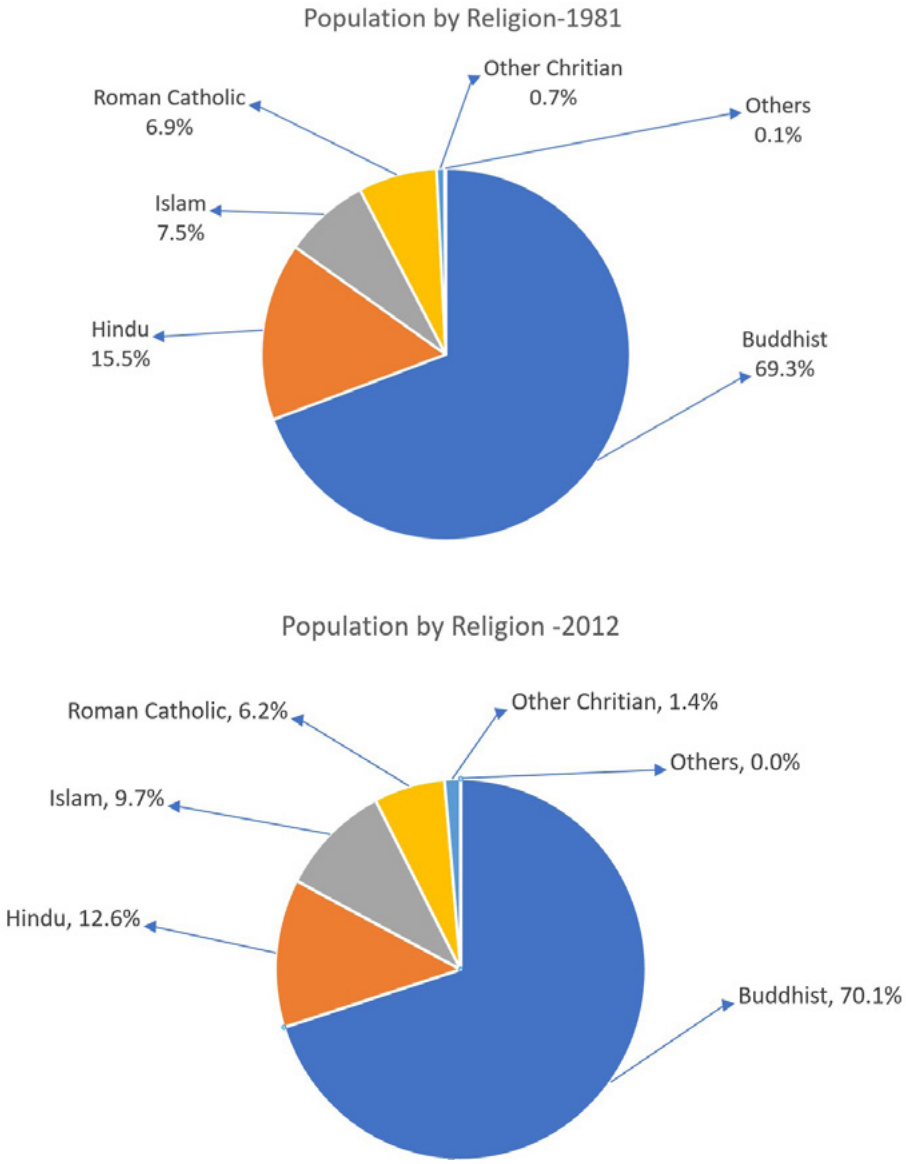


Figure 7.5: Sri Lanka Population Percentage by Religion 1981 and 2012
Source: DCSL

Table 7.7: Population by Sector and Religion -2012

Sector	Buddhist		Hindu		Islam		Roman Catholic		Other Christian		Other	
	Population	%	Population	%	Population	%	Population	%	Population	%	Population	%
Sri Lanka	14,272,056	100%	2,561,299	100%	1,967,523	100%	1,261,194	100%	290,967	100%	6,400	100%
Urban	2,007,401	14%	480,480	19%	697,200	35%	410,206	33%	106,361	37%	2,822	44%
Rural	12,163,955	85%	1,366,785	53%	1,261,106	64%	801,356	64%	156,688	54%	3,432	54%
Estate	100,700	1%	714,034	28%	9,217	0%	49,632	4%	27,918	10%	146	2%

Source :DCSL

Table 7.8: Population by Religion and Districts – 1981

District	Total	Buddhist	Hindu	Islam	Roman Catholic	Other Christian	Other
Sri Lanka	**14,846,750**	**10,288,328**	**2,297,806**	**1,121,715**	**1,023,713**	**106,854**	**8,334**
Western Province	**3,919,807**	**2,885,789**	**194,000**	**279,639**	**500,996**	**55,585**	**3,798**
Colombo	1,699,241	1,196,964	130,215	168,863	159,947	40,598	2,654
Gampaha	1,390,862	989,212	26,750	48,117	313,352	12,563	868
Kalutara	829,704	699,613	37,035	62,659	27,697	2,424	276
Central Province	**2,009,248**	**1,303,686**	**477,866**	**157,108**	**55,892**	**14,012**	**684**
Kandy	1,048,317	771,435	132,943	115,941	20,067	7,498	433
Matale	357,354	281,004	41,352	26,265	7,443	1,202	88

Nuwara Eliya	603,577	251,247	303,571	14,902	28,382	5,312	163
Southern Province	**1,882,661**	**1,788,294**	**32,616**	**52,379**	**6,154**	**2,444**	**774**
Galle	814,531	767,661	15,086	26,301	3,586	1,452	445
Matara	643,786	608,714	15,356	16,670	2,026	818	202
Hambantota	424,344	411,919	2,174	9,408	542	174	127
Nothern Province	**1,109,404**	**25,281**	**860,281**	**54,534**	**157,474**	**11,530**	**304**
Jaffna	830,552	5,104	705,705	14,844	95,613	9,153	133
Mannar	106,235	3,363	28,885	29,161	43,633	1,056	137
Vavuniya	95,428	15,754	65,574	6,740	6,493	845	22
Mullaitivu	77,189	1,060	60,117	3,789	11,735	476	12
Kilinochchi							
Eastern Province	**975,251**	**237,416**	**372,464**	**317,354**	**39,650**	**7,462**	**905**
Batticaloa	330,333	9,127	218,812	78,810	19,704	3,795	85
Ampara	388,970	145,687	72,809	162,140	5,643	2,387	304
Trincomalee	255,948	82,602	80,843	76,404	14,303	1,280	516
North Western Province	**1,704,334**	**1,328,369**	**34,130**	**114,463**	**220,895**	**5,723**	**754**
Kurunegala	1,211,801	1,092,128	15,133	64,112	36,340	3,641	447
Puttalam	492,533	236,241	18,997	50,351	184,555	2,082	307
North Central Province	**849,492**	**765,766**	**11,624**	**60,089**	**10,420**	**1,290**	**303**

Anuradhapura	587,929	530,008	6,843	42,999	6,949	939	191
Polonnaruwa	261,563	235,758	4,781	17,090	3,471	351	112
Uva Province	**914,522**	**694,331**	**168,815**	**34,901**	**12,753**	**3,395**	**327**
Badulla	640,952	440,755	156,037	29,317	11,529	3,081	233
Moneragala	273,570	253,576	12,778	5,584	1,224	314	94
Sabaragamuwa Province	**1,482,031**	**1,259,396**	**146,010**	**51,248**	**19,479**	**5,413**	**485**
Ratnapura	797,087	675,785	92,156	15,576	11,107	2,188	275
Kegalle	684,944	583,611	53,854	35,672	8,372	3,225	210

Source: DCS

Table 7.9: Population by Religion and Districts – 2012

District	Total	Buddhist	Hindu	Islam	Roman Catholic	Other Christian	Other
Sri Lanka	**20,359,439**	**14,272,056**	**2,561,299**	**1,967,523**	**1,261,194**	**290,967**	**6,400**
Western Province	**5,851,130**	**4,293,901**	**278,968**	**501,389**	**651,486**	**122,030**	**3,356**
Colombo	2,324,349	1,632,225	186,454	274,087	162,314	66,994	2,275
Gampaha	2,304,833	1,642,767	52,973	112,746	449,398	46,080	869
Kalutara	1,221,948	1,018,909	39,541	114,556	39,774	8,956	212
Central Province	**2,571,557**	**1,672,625**	**540,339**	**263,874**	**63,754**	**30,648**	**317**
Kandy	1,375,382	1,009,220	133,744	197,076	22,379	12,798	165

Matale	484,531	385,151	43,432	45,682	7,899	2,342	25
Nuwara Eliya	711,644	278,254	363,163	21,116	33,476	15,508	127
Southern Province	**2,477,285**	**2,345,314**	**33,227**	**80,085**	**7,986**	**10,215**	**458**
Galle	1,063,334	998,647	15,584	39,267	4,415	5,315	106
Matara	814,048	766,323	16,421	25,614	2,432	3,208	50
Hambantota	599,903	580,344	1,222	15,204	1,139	1,692	302
Nothern Province	**1,061,315**	**30,290**	**789,046**	**33,427**	**164,320**	**43,899**	**333**
Jaffna	583,882	2,168	483,255	2,363	75,474	20,511	111
Mannar	99,570	1,809	24,027	16,512	52,415	4,790	17
Vavuniya	172,115	16,853	119,401	11,972	15,305	8,498	86
Mullaitivu	92,238	8,185	69,377	1,880	9,063	3,664	69
Kilinochchi	113,510	1,275	92,986	700	12,063	6,436	50
Eastern Province	**1,555,510**	**357,052**	**540,153**	**575,470**	**46,535**	**36,148**	**152**
Batticaloa	526,567	6,281	338,882	134,065	24,454	22,833	52
Ampara	649,402	251,427	102,829	281,987	7,588	5,541	30
Trincomalee	379,541	99,344	98,442	159,418	14,493	7,774	70
North Western Province	**2,380,861**	**1,761,337**	**43,532**	**268,709**	**283,932**	**22,019**	**1,332**
Kurunegala	1,618,465	1,431,632	14,721	118,305	43,711	9,926	170
Puttalam	762,396	329,705	28,811	150,404	240,221	12,093	1,162

North Central Province	**1,266,663**	**1,139,595**	**10,117**	**101,958**	**9,939**	**4,936**	**118**
Anuradhapura	860,575	775,366	3,231	71,493	6,747	3,660	78
Polonnaruwa	406,088	364,229	6,886	30,465	3,192	1,276	40
Uva Province	**1,266,463**	**1,018,561**	**169,605**	**57,001**	**13,621**	**7,474**	**201**
Badulla	815,405	591,799	157,608	47,192	12,020	6,615	171
Moneragala	451,058	426,762	11,997	9,809	1,601	859	30
Sabaragamuwa Province	**1,928,655**	**1,653,381**	**156,312**	**85,610**	**19,621**	**13,598**	**133**
Ratnapura	1,088,007	943,464	101,962	24,446	10,844	7,212	79
Kegalle	840,648	709,917	54,350	61,164	8,777	6,386	54

Source: DCS

7.10: Human Development Index (HDI)

The Human Development Index, or HDI, is a metric compiled by the United Nations Development Programme and used to quantify a country's "average achievement in three basic dimensions of human development: a long and healthy life, knowledge, and a decent standard of living." A country's Human Development Index value is determined by aggregating the country's scores in a vast assortment of indicators including life expectancy, literacy rate, rural populations' access to electricity, GDP per capita, exports and imports, homicide rate, multidimensional poverty index, income inequality, internet availability, and many more. These indicators are compiled into a single number between 0 and 1.0, with 1.0 being the highest possible human development. HDI is divided into four tiers: very high human development (0.8-1.0), high human development (0.7-0.79), medium human development (0.55-.70), and low human development (below 0.55). As shown in Table 7.10, among the South and South-eastern countries, Sri Lanka has recorded the highest HDI index for 2021.

Table 7.10: Human Development Index

Country	HDI Tier	HDI 2021
Sri Lanka	High	0.780
Maldives	High	0.762
Bangladesh	Medium	0.670
India	Medium	0.644
Myanmar	Medium	0.608
Nepal	Medium	0.601
Pakistan	Low	0.540
Afghanistan	Low	0.462

Source: Human Development Index (HDI) – UNDP
Switzerland has the highest Human Development Index with a rating of 0.965 and South Sudan has the lowest Human Development Index, earning a 0.381.

7.11: Gender Equality

Sri Lanka has achieved gender disparity in health, with females having a greater life expectancy at birth and lower child mortality rates, according to World Development Indicators. (International Monetary Fund, 2018). In spite of Social development levels is high in Sri Lanka female, labor force participation is low. As Figure 7.6 shows the female population

(52.8%) is higher than that of male population in Sri Lanka whilst those females are mostly in Urban and Rural sectors.

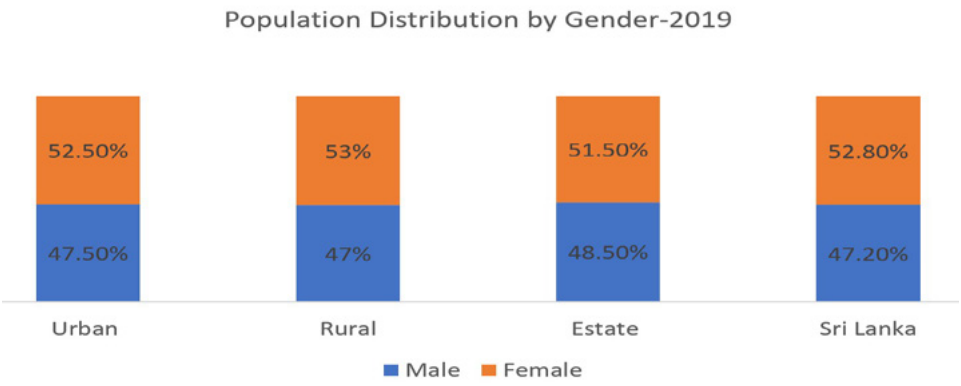


Figure 7.6: Population distribution by gender
Sources: Sri Lanka Socio-Economic Data 2023: CBSL

Moreover, Table 7.11 indicates the share of female along with males in different socio-economic sectors. It is evident from the data, female life expectancy at birth (80 years) is markedly higher than that of males (72.5 years), however, the achievements in the overall and computer literacy, earning of mean monthly gross salary, digital literacy and the participation in the labour force are lesser than that of males (Table 7.11).

Table 7.11: Summary statistics by gender -2023

	Male	Female
Literacy rate	93.9	92.4
Computer literacy rate	37.3	34.8
Digital literacy	62.3	57.9
Labour force participation rate (above 15 years)	70.5	32.1
Employment rate (above 15 years)	96.3	93.5
Unemployment rate	3.7	6.5
Economically active rate	65.3	34.7
Economically inactive rate	27.1	72.9
Life expectancy at birth (years)	72.5	80
By selected educational level (GCE A/L) and above	5.5	10.1
Mean monthly gross salary (LKR/ month)	52,394	43,556

Source: Labour force survey and Annual report – 2023, CBSL

As generally expected, the vast majority of undergraduates (about 65%) admitted to the national universities are females (Figure 7.7). This substantial gender inequality is apparent mostly in the humanities and Social science fields when compared with the percentage of females that are much lower in other subject streams such as Commerce, Physical Science, Biological Science, Engendering and technology (Siddhisena et.al., 2021:p. 16; UGC, 2022).

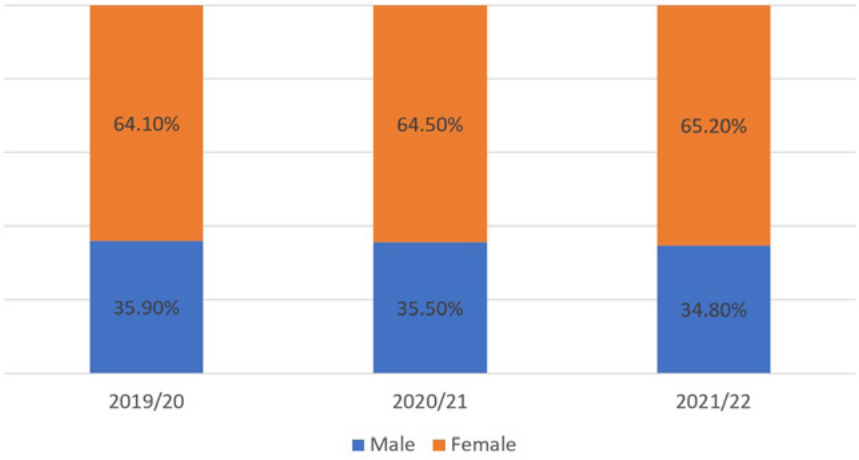


Figure 7.7: Undergraduates admitted to the National Universities in Sri Lanka by sex, 2019-2022
Source: University Grant Commission

7.12: Health Conditions

Universal access to Free State health services, and the availability of a network of hospitals including peripheral units, maternity homes, maternity and child health care clinics have had a positive impact on the health status of women. Mortality rates per thousand population declined sharply and, Infant mortality rate was 9.5 per 1,000 live births in 2021, under-5 mortality rate was 11.1 per 1,000 live births, and maternal mortality ratio was 30.2 per 100,000 live births. The prevalence of anemia was 16.7% among pregnant women, 20.5% among lactating women, and 22.2% among none pregnant women, while 18.4% of pregnant women and 18.2% of none pregnant women were undernourished. Women and men have equal access to state health services. Utilization rate of services such as antenatal and postnatal care are high, as reflected in over 99% institutional births and immunization rate.

7.13: Women Participation in Parliament

Figure 7.8 shows the women's participation in parliaments in Asian countries in 1990 and 2017. According to statistics in Figure 7.8, Sri Lanka has only 6 per cent of women' representation in the Parliament. Women have participated fully in exercising their voting rights since universal franchise was introduced in 1931 and the world's first woman Prime Minister being elected in Sri Lanka in 1960. Furthermore, the country had an elected woman president from 1994 to 2004. The percentages of women representatives in Parliament was 5.8% at general elections 2019 (as compared with about 4% in 1931), and women had 4.1% representation in provincial councils and 2.03% representation in Pradeshiya Sabhas—elected local government institution in rural and suburban areas.

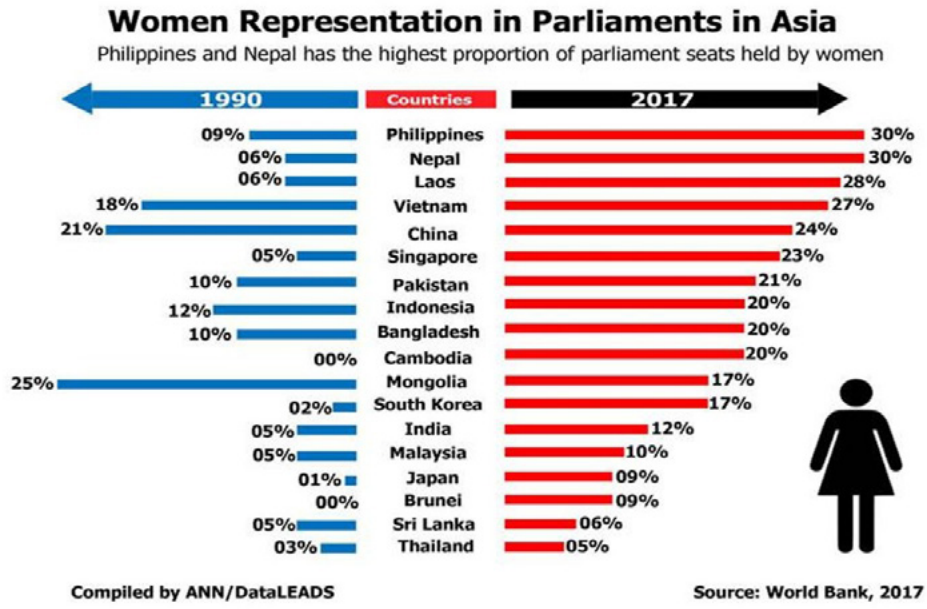


Figure 7.8: Women Participation in Parliaments in Asia
Source: World Bank, 2017

7.14: Female Headed Households

As revealed from the Table 7.12, Sri Lanka, women head 25% of families (one out of every four). The majority of female family heads lost a spouse or partner as a direct result of the 30-year violent ethnic war, which concluded in 2009 (the diplomat.com, n.d.). War widows (WHHs) are prevalent across Sri Lanka, with the majority being military widows or

living spouses of government military personnel who died during conflict. The highest percentage of WHHs is found in Batticaloa, with Kandy in the Central Province having the second highest percentage. Other districts in the Southern, North Central, North Western provinces also have high percentages. The perception is that military widows are economically stable, as they receive government-mandated salaries and pensions, while other war widows do not.

Table 7.12: Female Headed Households and Widows by Districts – 2019

Province and District	Estimated Number of Households in 2019	Number of Female Headed Households	FHH Percentage out of Total Households	Number of Widows	Widow Percentage out of Total Households
National	5,737,631	1,436,000	25.02	778,000	13.55
Western	1,618,157	346,000	21.38	213,000	13.16
Colombo	644,210	125,000	19.40	72,000	11.17
Gampaha	636,052	148,000	23.26	93,000	14.62
Kalutara	337,894	73,000	21.60	48,000	14.20
Central	727,894	212,000	29.12	97,000	13.32
Kandy	388,421	117,000	30.12	50,000	12.87
Matale	137,368	40,000	29.11	19,000	13.83
Nuwara-Eliya	202,105	55,000	27.21	28,000	13.85
Southern	698,421	174,000	24.91	91,000	13.02
Galle	297,368	75,000	25.22	41,000	13.78
Matara	227,105	57,000	25.09	30,000	13.20
Hambantota	173,947	42,000	24.14	20,000	11.49
Northern	300,789	73,000	24.27	53,000	17.62
Jaffna	162,368	45,000	27.71	33,000	20.32
Mannar	29,210	6,000	20.54	3,000	10.27
Vavuniya	49,736	9,000	18.09	8,000	16.08
Mullaitivu	25,526	6,000	23.50	4,000	15.67
Kilinochchi	33,947	7,000	20.62	5,000	14.72
Eastern	455,000	127,000	27.91	58,000	12.74
Batticaloa	151,315	48,000	31.72	23,000	15.20
Ampara	191,578	53,000	27.66	22,000	11.48
Trincomalee	112,105	26,000	23.19	13,000	11.59
North-Western	671,315	182,000	27.11	104,000	15.49
Kurunegala	452,368	127,000	28.07	72,000	15.91
Puttalam	218,947	55,000	25.12	32,000	14.61

North-Central	362,368	100,000	27.59	48,000	13.24
Anuradhapura	246,578	69,000	27.98	33,000	13.38
Polonnaruwa	115,789	31,000	26.77	15,000	12.95
Uva	362,105	91,000	25.13	42,000	11.59
Badulla	231,578	62,000	26.77	30,000	12.95
Monaragala	130,526	29,000	22.21	12,000	9.19
Sabaragamuwa	541,578	131,000	24.18	72,000	13.29
Ratnapura	308,158	67,000	21.74	35,000	11.35
Kegalle	233,421	64,000	27.41	37,000	15.85

Sources: Labour Force Survey, Census of Population and Statistics-2012 and 2019 updates.
Household size of Sri Lanka is 3.8 Department of Census and Statistics, Sri Lanka. 2021

7.15: Current initiatives in women empowerment

Several Initiatives have been obtained by the Government focusing on the empowerment of women by minimizing gender Imbalances.

- Finalizing the draft National Policies and Action Plans – Ex; Second National Action Plan on Prevention or Sexual and Gender Based Violence, National Policy on Gender Equality and Women's empowerment etc.,
- The operation of emergency Helpline 1938 to cater to women's complaints
- Conducting counseling services by states hospitals " Miturupiyasa " and NGOs
- Strengthening the Child and Women's Bureaus in police stations
- Implementing the welfare, social security and nutrition support programmes for vulnerable
- Implementation of programs to fulfill nutritional requirements or pregnant and lactating mothers. Currently, provide Rs, 4500 allowance per mother per month

7.16: GBTIQ+ Community in Sri Lanka

The number of LGBTIQ+ people – less than (6.7%) 7% of the total population whereas 12% between the age 18-65. Present trend LGBTIQ+ numbers are increasing. The strong cultural and religious norms create a challenging environment to mainstream them into society. Lack of equal opportunities for the LGBTIQ+ community creates difficulties in providing social welfare and security.

7.17: Care and Protection of Children

The care and protection of children is a crucial area of focus for governments, NGOs, and international organizations worldwide. In Sri Lanka, various programs and policies are in place to ensure the well-being and rights of children, particularly those who are vulnerable or at risk. Table 7.13 presents the children home or details of child development centre by districts. According to the Table the highest rate child care Centres are recorded in Gampha district (4.23) followed in Colombo district (3.38).

Table 7.13: Children Home/Child Development Center Details by District and Type - 2021

District	Number of DS Divisions	Remand Homes	Safe Homes	Certified Schools	Approved Schools	Government Receiving Homes	Detention Homes	Child Training and Counselling	Voluntary Children Homes	Other Homes	Total	Rate of Child Care Centers per District
National	**331**	**14**	**04**	**09**	**01**	**09**	**01**	**04**	**333**	**04**	**379**	**0.87**
Colombo	13								44		44	3.38
Gampaha	13	02		02					51		55	4.23
Kalutara	14				01	01		01	19		22	1.57
Kandy	20	02				01			19		22	1.10
Matale	11								08		08	0.72
Nuwara Eliya	05								08		08	1.60
Galle	19	02		02		01	01		14		20	1.05
Matara	16								06		06	0.38
Hambantota	12								04	01	05	0.42
Jaffna	15	01		01		01			11		14	0.93
Mannar	05								06		06	1.20
Vavuniya	04								05		05	1.25
Mullaitivu	06								05		05	0.83
Kilinochchi	04		01						10		11	2.75
Batticaloa	14		01						31		32	2.28
Ampara	20		01	02					09		12	0.60
Trincomalee	11		01			01		01	14		17	1.55

Kurunegala	30	01				01			17		19	0.63
Puttalam	16								17		17	1.06
Anuradhapura	22	02		01		01		01	05	01	11	0.50
Polonnaruwa	07								03	01	04	0.57
Badulla	15	02		01		01		01	07		12	0.80
Monaragala	11								02	01	05	0.45
Ratnapura	17	01				01			10		12	0.71
Kegalle	11	01							06		07	0.64

Source: Children Home Survey 2019, DPCCS 2021, MWCE, Sri Lanka

Table 7.14: Children in Children Homes/ Child Development Centers by District - 2019

District/ Province	Total Child Population in 2020	Children in Children Homes				Total Number of Children in Children Homes	Ratio of Children in Children Homes per 10,000 Child Population
		Male		Female			
		Number	%	Number	%		
Sri Lanka	7,330,059	4,017	38	6,615	62	10,632	14.50
Western	1,889,471	1427	46	1659	54	3086	16.53
Colombo	717,967	336	32	716	68	1,052	14.65
Gampaha	740,071	702	50	691	50	1,393	18.82
Kauthara	431,434	389	61	252	39	641	14.86
Central	950,556	382	37	663	63	1,045	10.99
Kandy	497,034	185	28	471	72	656	13.20
Matale	176,820	93	58	67	42	160	9.05
Nuwara-Eliya	276,702	104	45	125	55	229	8.28
Southern	885,421	324	35	597	65	921	10.40
Galle	373,359	270	37	455	63	725	19.42
Matara	285,480	15	15	82	85	97	3.40
Hambantota	226,582	39	39	60	61	99	4.37
Northern	421,149	608	34	1179	66	1787	42.43
Jaffna	210,469	228	36	409	64	637	30.27
Mannar	43,483	73	41	105	59	178	40.94
Vavuniya	72,368	92	34	182	66	274	37.86
Mullaitivu	39,337	11	6	169	94	180	45.76
Kilinochchi	55,492	204	39	314	61	518	93.35
Eastern	703,448	524	39	820	61	1344	19.11

Batticaloa	238,042	369	42	500	58	869	36.51
Ampara	286,189	44	23	151	77	195	6.81
Trincomalee	179,217	111	40	169	60	280	15.62
North-Western	853,942	298	31	677	69	975	11.42
Kurunegala	551,318	195	40	298	60	493	8.94
Puttalum	302,624	103	21	379	79	482	15.93
North- Central	478,816	117	24	364	76	481	10.05
Anuradhapura	328,289	99	26	276	74	375	11.42
Polonnaruwa	150,527	18	17	88	83	106	7.04
Uva	486,567	203	35	376	65	579	11.90
Badulla	310,097	122	33	244	67	366	11.80
Monaragala	176,470	81	38	132	62	213	12.07
Sabaragamuwa	660,689	134	32	280	68	414	6.27
Ratnapura	377,326	47	17	222	83	269	7.13
Kegalle	283,362	87	60	58	40	145	5.12

Soruces : Based on Children Home Survey 2019, DPCCS 2021, MWCE, Sri Lanka
Source: Children Home Survey 2019, DPCCS 2021, MWCE, Sri Lanka

Table 7.15: Institutionalization of Children by Reason and age Category-2019

Main Reasons	Age Category						% Out of Total Children in Children Homes
	< 5	5-9	10-14	15-17	18+	Total	
Total	**427**	**1552**	**4548**	**3246**	**859**	**10632**	**100**
1.Orphaned	02	22	82	95	66	267	2.51
2.Abandoned	142	213	438	240	79	1112	10.45
3.Destitute	264	1177	3410	1994	607	7452	70.09
4.Child Victims	16	124	474	682	87	1383	13.00
5.Child Suspects	-	02	41	67	08	118	1.11
6.Child Offenders	-	01	65	134	07	207	1.95
7.Children Under Controlled	01	02	04	02	-	09	0.08
8.Not Clear Reason	-	-	20	27	-	47	0.44
9.Other	02	02	06	03	02	15	0.14
10.Disability	-	09	08	02	03	22	0.21

Table 7.16: Guardianship of the Children at the Onset of Institutionalization - 2019

Guardian	Male		Female		Total	
	Number	%	Number	%	Number	%
1.Mother/Father/ Parents	2800	70	4646	70	7446	70
2.A Relative Guardian/ Caretaker	695	17	1270	19	1465	18
3.Non-relative Guardian/ Caretaker	121	03	193	03	314	03
4.Non-Relative Other Parties.	219	05	210	03	478	04
5.Unknown	182	05	295	04	478	04
6.Total	**4017**	**100**	**6615**	**100**	**10632**	**100**

Source: Children Home Survey 2019, DPCCS 2021, MWCE, Sri Lanka

Table Number of Children in Voluntary Child Development Centers/ Children Homes by Type of the Center 2020 (Supervision Done by NCPA)

Table 7. 17: Child care Centres by category of satisfaction

Type	Total Number of Centers	Number of Special NeedyChildren	Green Category		Yellow Category		Red Category		Total
			Children	Centers	Children	Centers	Children	Centers	
Male Centers	108	21	1891	82	414	25	05	01	2310
Female Centers	161	19	3704	141	477	21	00	00	4185
Mixed Centers	46	18	1890	41	379	04	11	01	2280
Total	**315**	**58**	**7489**	**264**	**1270**	**50**	**16**	**02**	**8775**

Source: NCPA Database 2020 , MWCE, Sri Lanka

Color code indicating the condition of Children Homes;

Green- Satisfied or in Good Quality

Yellow- Moderately Satisfied/ in Average Quality

Red- Not Satisfied or Poor Quality

1929 is the toll free helpline for children.

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தேசிய சிறுவர் பாதுகாப்பு அதிகாரசபை
National Child Protection Authority

ChildLine Sri Lanka 1929

Table 7. 18: Types of Complaints Reported to the 1929 by District in 2020

Type of Complaint	Number Received	Percentage
Child Cruelty	2,237	27%
Compulsory Education	643	8%
Sexual Harassment	518	6%
Neglect of Children -CYPO	466	6%
Grave Sexual Abuse	373	5%
Juvenile Delinquency	270	3%
Rape	256	3%
Child Labour	228	3%
Procuring to Beg	200	2%
Kidnapping from Lawful Guardianship	97	1%
Trafficking	82	1%
Abduction	71	1%
Domestic Violence	50	1%
Trafficking Restricted Articles	44	1%
Obscene Publication	39	0.48%
Soliciting a Child	7	0.09%
Incest	2	0.02%
Unnatural Offence	2	0.02%
Miscellaneous	2,580	32%
Total	**8,165**	**100%**

Source: Ministry of Women, child affairs and Social Empowerment

Table 7.19: Distribution of Cases/Complaints Reported to the 1929 by District and Year

District	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Western	1,504	1,021	1,351	1,938	1,734	1,796	1,635	1,486	1,574	1,398	2,545	17,396
Colombo	720	435	618	853	682	700	635	586	617	537	1,134	6,931
Gampaha	524	341	431	668	596	622	593	518	537	471	944	6,245
Kalutara	260	245	302	417	456	474	407	382	420	390	467	4,220
Central	327	439	528	782	768	788	707	721	759	688	659	7,186
Kandy	153	244	299	420	357	389	307	316	346	301	363	3,515
Matale	87	160	170	281	256	241	252	226	224	221	136	2,254
Nuwara-Eliya	87	35	59	81	155	158	148	179	189	166	160	1,417
Southern	603	896	1,029	1,196	1,394	1,429	1,271	1,232	1,184	1,105	1,121	12,660
Galle	308	408	479	422	600	634	558	591	540	478	454	5,672
Matara	163	143	144	196	226	222	192	200	210	140	301	2,137
Hambantota	132	345	406	578	568	573	521	441	434	487	366	4,851
Northern	34	711	854	1,310	1,377	1,509	1,272	1,191	1,311	1,246	570	11,286
Jaffna	7	295	344	491	452	540	463	403	440	375	174	3,984
Mannar	4	156	204	306	227	302	221	245	246	229	67	2,207
Vavuniya	19	19	21	29	86	65	68	69	69	80	92	617
Mullaitivu	2	15	33	46	213	198	169	188	207	175	118	1,364
Kilinochchi	2	226	252	438	399	404	351	286	349	288	119	3,114
Eastern	158	622	800	1,052	1,114	1,177	1,021	1,015	1,156	1,068	471	9,594
Batticaloa	31	442	636	785	756	827	722	681	823	726	159	6,588
Ampara	70	113	129	220	214	246	183	208	229	201	192	2,005

Trincomalee	57	7	35	47	144	104	116	126	104	141	120	1,001
North-Western	439	237	268	382	430	399	386	329	368	330	995	4,563
Kurunegala	289	180	213	286	270	271	271	198	237	224	627	3,066
Puttalam	150	57	55	96	160	128	115	131	131	106	368	1,497
North-Central	250	1,118	1,262	1,612	1,565	1,652	1,410	1,440	1,467	1,300	537	13,703
Anuradhapura	161	1,037	1,174	1,477	1,403	1,522	1,271	1,302	1,330	1,167	404	12,248
Polonnaruwa	89	81	88	135	162	130	139	138	137	133	223	1,455
Uva	187	894	1,056	1,366	1,410	1,422	1,128	1,158	1,234	1,065	469	11,389
Badulla	122	797	948	1,146	1,169	1,187	917	974	1,066	888	243	9,457
Monaragala	65	97	108	220	241	235	211	184	168	177	226	1,932
Sabaragamuwa	390	198	270	415	496	560	531	442	459	457	708	4,926
Ratnapura	221	11	26	53	160	121	119	132	98	122	454	1,517
Kegalle	169	187	244	362	336	439	412	310	361	335	254	3,409
National	**3,892**	**6,070**	**7,418**	**10,273**	**10,315**	**10,732**	**9,361**	**9,014**	**9,512**	**8,558**	**8,165**	**93,316**

*Source: Ministry of Women, child affairs and Social Empowerment***7.**

7. 19 : Disability

Disability in Sri Lanka remains a significant social and economic issue, affecting a notable portion of the population.

According to the 2012 Census of Population and Housing, approximately 1.6 million people in Sri Lanka, or about 10% of t population aged 5 and over, reported some form of disability. This includes physical, sensory, intellectual, and mental health disabilities.

Table : Type of difficulty - 2012 (Population aged 5 years and over)

Difficulties	Difficulty (Number)	Rate per 1000 persons		
		Total	Male	Female
Total with difficulties	1617924	87	77	96
Seeing	996,939	54	47	60
Walking	734,213	39	31	47
Hearing	389,077	21	19	23
Cognition	343,689	18	16	21
Self-care	197,575	11	10	11
Communication	180,833	10	10	10

Source: Department of Census and Statistics

7.19.1 Functional Difficulties Distribution in Districts

The distribution of functional difficulties in districts in Sri Lanka is often assessed through various surveys and studies that analyze disabilities across different demographics.

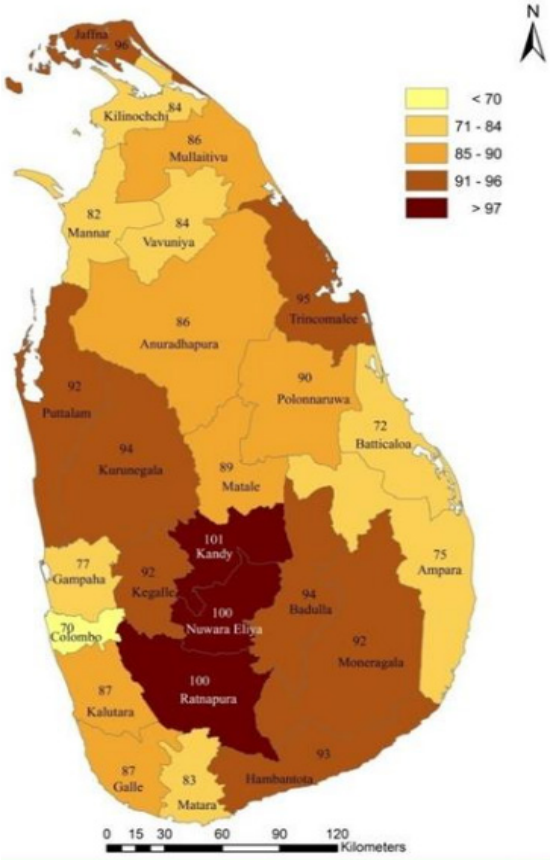

Figure 7.9 :Functional Difficulties Distribution in Districts (per 1000 people)

7.20: Sri Lankan Refugee Returnees

Since the end of the armed conflict in Sri Lanka in May 2009, increasing numbers of Sri Lankan refugees and asylum-seekersoutside the country have been considering the possibility of voluntary repatriation.in countries of asylum, in particular in Tamil Nadu, India, continues to facilitate the voluntary repatriation of Sri Lankan refugees.

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CHAPTER VIII

Household Income, Expenditure and Poverty

The Department of Census and Statistics conducts the Household Income and Expenditure Survey (HIES) in Sri Lanka, which provides more precise statistics on household income, expenditure, and other socioeconomic indicators throughout nationwide. The 2019 survey provides the most recent detailed data available.

8.1 Household Income

The mean monthly household income in urban areas was approximately Rs. 116,670 per month while in rural areas it was Rs. 69,517, and in estate sectors, it was Rs. 46,865. Overall, the mean houlshold income was Rs. 76,414 per month. When the provinces are compared, the Western Province, which reported the highest Mean household income level, has values more than twice as high as those reported by the Eastern Province, which recorded the lowest mean income.

According to district data, the Colombo district has the highest monthly household income for both mean and median measurements. The median value indicates that out of the total households in the Colombo district, half of them receive more than Rs 86, 981 per month, while the other half receive less than that amount during the survey period.

Table 8.1: Mean and Median monthly household income by sector, province and Districts - 2019

Sector/ Province/ District	Mean Household Income (Rs)	Median Household income (Rs.)
Sri Lanka	76,414	53,333
Sector		
Urban	116,670	74,679
Rural	69,517	50,869
Estate	46,865	40,771
Province		
Western	109,813	75,000
Central	65,420	49,475
Southern	68,410	50,270

Northern	55,390	42,491
Eastern	51,536	38,871
North-Western	75,148	55,614
North-Central	64,645	47,415
Uva	62,367	40,055
Sabaragamuwa	56,335	45,797
District		
Colombo	132,433	86,981
Gampaha	100,455	69,729
Kalutara	84,887	63,586
Kandy	74,821	53,549
Matale	54,910	41,332
Nuwara Eliya	54,504	47,219
Galle	70,681	49,719
Matara	65,323	52,509
Hambantota	68,528	48,621
Jaffna	55,380	41,822
Mannar	50,983	41,210
Vavuniya	68,859	56,272
Mullaitivu	48,835	34,239
Kilinochchi	44,004	34,862
Batticaloa	44,686	35,850
Ampara	60,474	42,236
Trincomalee	46,341	37,726
Kurunegala	70,079	52,024
Puttalam	85,897	61,657
Anuradhapura	64,409	46,379
Polonnaruwa	65,180	48,657
Badulla	66,413	40,063
Monaragala	55,221	40,000
Rathnapura	52,956	43,529
Kegalle	60,828	49,207

Source: Household Income and Expenditure Survey-2019, DCS

The mean and median household income are the most important statistics used to compare income numbers reported in household income received. In the above table, the mean household income is higher than the median

household income, and income inequality and high-income outliers could contribute to this disparity.

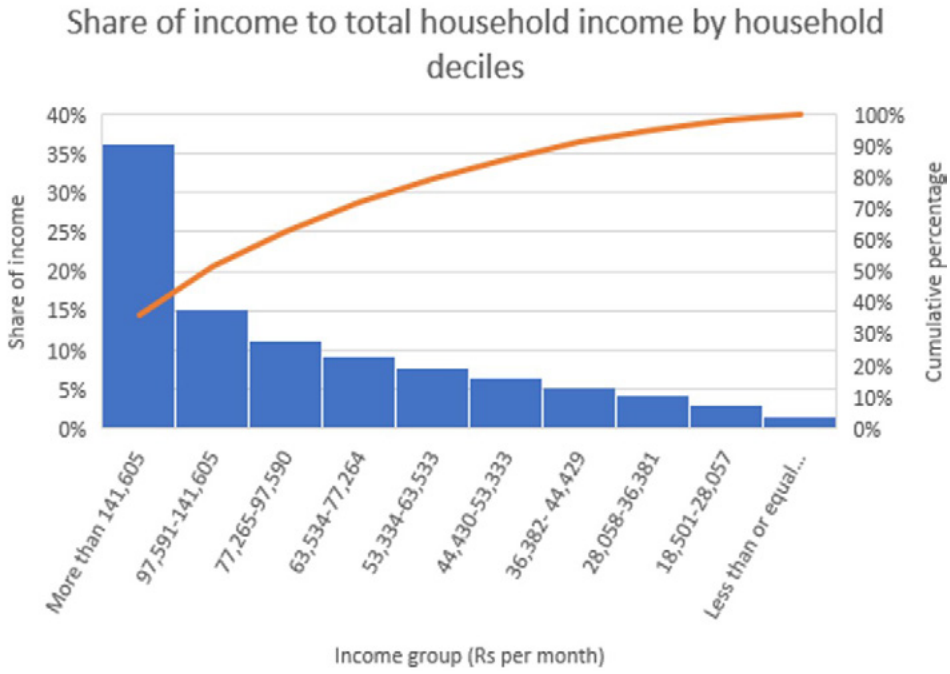


Figure 8.1: Share of income to total household income by household deciles
Source: Household Income and Expenditure Survey, DCS

The above Pareto graph shows the distributions of shares income out of total household income across national household deciles. It indicates that the 10th decile group held a very high share of household income.

Table 8.2 , Mean and median monthly household per capita income by sector, province, and district - 2019

Sector/ Province/ District	Mean per capita income (Rs.)	Median per capita income (Rs.)
Sri Lanka	**20,527**	**14,095**
Sector		
Urban	30,452	19,143
Rural	18,870	13,610
Estate	11,647	9,883

Province		
Western	28,809	19,383
Central	17,275	12,344
Southern	18,658	13,697
Northern	14,107	11,150
Eastern	13,925	10,250
North-Western	20,984	14,705
North-Central	18,131	13,863
Uva	17,173	11,066
Sabaragamuwa	15,163	11,884
District		
Colombo	34,625	22,757
Gampaha	26,901	18,586
Kalutara	21,546	16,017
Kandy	19,854	13,833
Matale	14,896	10,917
Nuwara Eliya	13,996	11,330
Galle	19,524	13,732
Matara	17,806	14,000
Hambantota	18,295	13,347
Jaffna	13,771	10,640
Mannar	12,736	10,825
Vavuniya	18,320	14,357
Mullaitivu	13,223	10,106
Kilinochchi	11,412	9,125
Batticaloa	12,561	10,010
Ampara	15,856	11,375
Trincomalee	12,469	9,313
Kurunegala	19,773	14,160
Puttalam	23,470	15,790
Anuradhapura	18,473	14,148
Polonnaruwa	17,406	13,085
Badulla	18,249	10,796
Monaragala	15,264	11,543
Rathnapura	14,265	11,449
Kegalle	16,356	12,836

Source : Household Income and Expenditure Survey – 2019, DCS

Household per capita is frequently used as a more reliable indicator of a country's level of living throughout time. The table displays the country's mean and median monthly household per capita income in 2019, divided down by sector, province, and district. during the survey period, the mean household per capita income per month at the national level was Rs. 20,527, while the median value was Rs 14,095.

8.1.2 Inequality of Household Income

The survey results revealed that the Gini coefficient for mean household income per month in Sri Lanka is 0.46. Furthermore, the Gini coefficients reported for urban, rural, and estate sectors are 0.49, 0.44, and 0.36 respectively. These figures highlight varying levels of income inequality across different sectors within the country.

The Gini coefficient is a measure of income inequality, with values ranging from 0 (perfect equality) to 1 (perfect inequality). The Gini coefficient for mean household income in Sri Lanka is 0.46, indicating moderate income inequality nationwide. However, inequality varies across sectors: the urban sector has the highest Gini coefficient at 0.49, reflecting significant income disparities; the rural sector follows with a Gini of 0.44, showing slightly lower inequality; and the estate sector has the lowest inequality with a Gini of 0.36, suggesting more uniform income distribution within that sector. These figures highlight the varying levels of income inequality across different areas of the country.

8.2 Household Expenditure

Household consumption expenditure is the value of consumer goods and services that were acquired by a household to meet the needs and desires of its members directly.
a. through direct monetary purchases in the market
b. from production within the household (own account production)
c. Without using any money as means of payment (income in kind)

The components of consumption expenditure used to construct theses aggregate fall into two main groups
i. Food items
II. Non-food items

The table below displays the monthly average and median total household spending by sector, province, and district. The average monthly household expenditure was Rs 63,130 in 2019. Household expenditure in the urban

and rural sectors has been Rs 95,392 and Rs 57,652, respectively. The value in the Estate sector was the lowest, at Rs 38,529. The Western Province has the largest household spending, while the Northern Province has the lowest. When district-level figures are compared, Colombo in the Western Province has the highest household spending while Mullaituve in the Northern Province has the lowest.

Table 8.3: Mean and Median Monthly Household Expenditure by Sector, Province and District in 2019

Sector/ Province/ District	Mean household expenditure (Rs.)	Median household expenditure (Rs.)
Sri Lanka	**63,130**	**47,544**
Sector		
Urban	95,392	69,300
Rural	57,652	44,996
Estate	38,519	36,265
Province		
Western	90,243	68,290
Central	56,783	43,488
Southern	57,854	45,322
Northern	44,020	38,089
Eastern	46,947	39,128
North-Western	59,681	45,970
North-Central	52,337	42,924
Uva	46,237	35,275
Sabaragamuwa	47,215	39,331
District		
Colombo	108,893	81,082
Gampaha	84,413	65,037
Kalutara	65,970	54,828
Kandy	66,997	48,432
Matale	49,533	40,240
Nuwara Eliya	41,969	39,770
Galle	58,504	45,628
Matara	59,750	48,806
Hambantota	54,169	42,086
Jaffna	42,213	36,999

Mannar	49,885	44,755
Vavuniya	56,086	46,366
Mullaitivu	34,181	25,126
Kilinochchi	37,237	33,980
Batticaloa	41,374	35,409
Ampara	52,924	42,578
Trincomalee	44,876	38,829
Kurunegala	57,769	44,586
Puttalam	63,736	50,106
Anuradhapura	52,796	43,362
Polonnaruwa	51,295	41,193
Badulla	46,971	34,471
Monaragala	44,943	36,273
Rathnapura	44,864	38,074
Kegalle	50,340	42,352

Source: Household income and expenditure Survey, DCS

8.2.1 Inequality of Household Expenditure

The Gini coefficient is utilized to gauge inequality in the distribution of household expenditure levels. The survey results indicate that the Gini coefficient for mean household expenditure per month in Sri Lanka is 0.40. Additionally, the Gini coefficients reported for urban, rural, and estate sectors are 0.42, 0.38, and 0.28 respectively.

The Gini coefficient for household expenditure in Sri Lanka is 0.40, showing moderate inequality. The Gini coefficient figures highlight that expenditure inequality varies across different sectors in Sri Lanka, with urban areas experiencing the greatest disparities.

8.3 Food Ratio

The Ratio of expenditure on food and drink (excluding liquor, drugs and tobacco) to total expenditure is called the food ratio and it is generally presented a percentage

$$Food\ ratio\ (\%) = \frac{Household\ expenditure\ on\ food\ \&\ drink}{Total\ household\ expenditure\ (on\ food\ \&\ drink\ and\ non\text{-}food)}\ x100$$

As household incomes grow, the proportion of income spent on food typically decreases, known as Engel's Law. Higher-income households spend a smaller proportion of their income on food than lower-income households.

The Department of Census and Statistics conducts the household income expenditure survey which provides valuable insights into the economic conditions of households, including their spending on food relative to their total income. A higher food ratio indicates that a larger share of household income is allocated to purchasing food, which could suggest economic strain, especially if it surpasses recommended thresholds for food expenditure. According to the following table, the food ratios is decreasing over time

Table 8.4 Food ratio over the time from 1985 /86 to 2019

	1985/86	1990/91	1995/96	2002	2005	2006/07	2009/10	2012/13	2016	2019
Food ratio %	57.6	60.9	54.4	44.5	39.6	37.6	42.3	37.8	34.8	35.1

Source: Department of Census and Statistics

Table 8.5 : Food ratio by Sector, Province and District – 2019

Sector/ Province/ District	Food ratio (%)
Sri Lanka	**35.1**
Sector	
Urban	28.2
Rural	36.9
Estate	50.9
Province	
Western	28.5
Central	37.4
Southern	35.9
Northern	47.1
Eastern	50.8
North-Western	35.6
North-Central	37.7
Uva	38.5
Sabaragamuwa	41.8

District	
Colombo	25.6
Gampaha	29.9
Kalutara	34.1
Kandy	32.3
Matale	41.3
Nuwara Eliya	50.1
Galle	36.5
Matara	34.7
Hambantota	36.7
Jaffna	49.8
Mannar	47.1
Vavuniya	35.5
Mullaitivu	57.5
Kilinochchi	51.4
Batticaloa	55.3
Ampara	47.8
Trincomalee	50.9
Kurunegala	34.8
Puttalam	37.1
Anuradhapura	37.5
Polonnaruwa	38.4
Badulla	37.9
Monaragala	39.6
Rathnapura	42.8
Kegalle	40.6

Source: Household Income and Expenditure Survey -2019, DCS

The lowest food ratio is reported in Colombo (25.6%) while the highest was in Mullaitvu District (57.5%). Food prices in Sri Lanka can be volatile due to inflation, impacting household budgets and Inflation in food prices can disproportionately affect low-income households.

These insights provide a comprehensive understanding of the food ratio in household income expenditure in Sri Lanka, highlighting the economic challenges and the impact of socio-economic factors on food spending.

8.4 Poverty

Poverty increased from 11.3 to 12.7 in 2020 compared to 2019, adding 300,000 new poor. Between 2021 and 2022, it doubled to 25.0 percent The World Bank Group. (2023). In 2022, household prices rose by 46%, services and industry jobs were contracted, remittances declined, and the chemical fertilizer ban negatively impacted agricultural incomes.

Households struggling with falling incomes are resorting to negative coping mechanisms, leading to reduced spending on health and education, and increased malnutrition and stunting. The COVID-19 pandemic has caused significant monetary and multidimensional deprivations, including fuel shortages and transport disruptions, leading to additional school closures and human capital losses The World Bank Group. (2023).

Therefore, inequality has increased significantly, reaching 39.8 in 2022, with urban and rural poverty rates tripled and doubled. Over half of estate populations live below the $3.65 poverty line, and poverty is projected to remain above 25% in the coming years.

POVERTY	No of Poor (thousand)	Rate (%)	Year / Period
National Poverty Line	3,038.50	14.3	2019
International Poverty Line 126.2 in Sri Lanka rupee (2019) or US$2.15 (2017 PPP) per day per capita	209	1	2019
Lower Middle Income Class Poverty Line; 214.2 in Sri Lanka rupee (2019) or US$3.65 (2017 PPP) per day per capita	2,463.00	11.3	2019
Upper Middle Income Class Poverty Line; 402 in Sri Lanka rupee (2019) or US$6.85 (2017 PPP) per day per capita	10,758.80	49.3	2019
Multidimensional Poverty Measure		1.1	2019

SHARED PROSPERITY			
Annualized Consumption Growth per capita of the bottom 40 percent		1.74	2016-2019
INEQUALITY			
Gini Index		37.7	2019
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		1.09	2016-2019
GROWTH			
Annualized GDP per capita growth		1.86	2016-2019
Annualized Consumption Growth per capita from Household Survey		0.65	2016-2019
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		1.62	2016-2019

Source : World Bank

8.4.1 Poverty headcount index, number of poor population and contribution to total poverty by sector, province and district—2019

Household Income and Expenditure survey (HIES) is the main source of data used to calculate poverty indices in Sri Lanka. The DCS applied an internationally recognized method "Cost of Basic Need (CBN) Approach" to calculate the Official Poverty Line (OPL) on consumption based in absolute term.

The OPL which was established on HIES-2002 data by the DCS has been used since 2004 to measure poverty. The OPL is an absolute poverty line which is fixed at a specific welfare level that is; a person who meets a recommended

minimal nutritional intake (2030Kcal per day) to compare over time with household food and non-food consumption expenditure data.

Accordingly, the DCS revised the OPL in 2016 in accordance to the international best practices using 2012/13 HIES data precisely after ten years of establishing the OPL in 2002. Existing 2002 and revised 2012/13 poverty lines were inflated using the National Consumer Price Index (NCPI) to update the OPL for 2016 and 2019 and onwards at the nationl level and 2022 onwards at district levels.

The DCS updated the base year of the NCPI from 2013 to 2021. The DCS released the rebased NCPI (Base :2021=100), from January 2023 onwards. The NCPI's weighting structure is based on the data from the HIES-2019 which comprises all types of consumption expenditure incurred by a household, The values of the previous and revised poverty lines, adjusted with the CCPI and NCPI, are presented in below table.

Table 8.5: Values of Previous and Updated Poverty Lines adjusted by CCPI and NCPI

Price index and Base year	Survey years						Estimated values for poverty lines		
	2002	2006/07	2009/10	2012/13	2016	2019	2020	2021	2022
Adjusted by CCPI (Base: 2002=100)									
Old poverty line (2002, HIES)	1,423	2,142	3,028	3,624	4,166	4,830	5049	5350	
Updated poverty line (2012/13, HIES)	2,051	3,087	4,364	5,223	6,004	6,961			
Adjusted by NCPI (Base: 2013=100)									
Old poverty line (2002, HIES)					4,244	4,834			
Updated poverty line (2012/13, HIES)					6,117	6,966	7,395	7,913	11,905
Adjusted by NCPI (Base: 2021=100)									
Updated poverty line (2012/13, HIES)									13,838

Source :Department of Census and Statistics

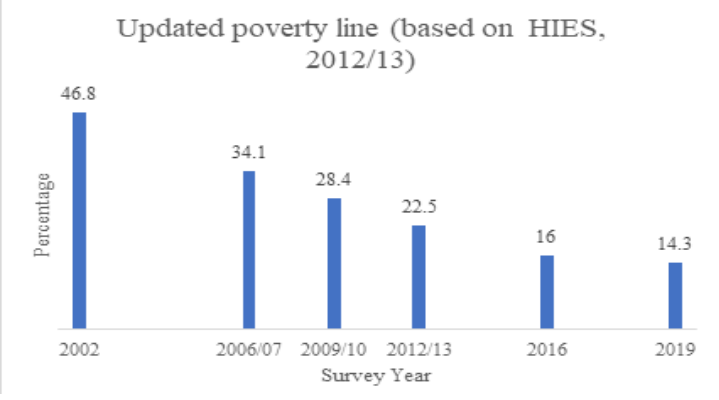


Figure 8.2 Updated poverty line (based on HIES,2012/13)
Source: Department of Census and Statistics -DCS

The figure shows a decline in poverty in Sri Lanka from 46.8%% to 14.3% between 2002 and 2019, using revised Official Poverty Lines. In addition to that the DCS has determined the poverty line using the poverty line (based 2002 on CCPI) and it is not discussed in the document.

Table 8.6 Updated poverty line (based 2012/13 on National Consumer Price Index)

	Headcount (%)	Number of poor people	Contribution to total poverty (%)
Sri Lanka	14.3	3,042,300	100
Sector			
Urban	6	217,500	7.1
Rural	15	2,500,600	82.2
Estate	33.8	324,200	10.7
Province			
Western	5.7	342,200	11.2
Central	18.7	503,500	16.5
Southern	12.6	327,100	10.8
Northern	23.8	267,200	8.8
Eastern	18.6	316,300	10.4
North Western	11.8	294,400	9.7
North Central	11	144,900	4.8
Uva	28.3	378,500	12.4
Sabaragamuwa	23.1	468,100	15.4
Districts			
Colombo	2.3	54,800	1.8
Gampaha	5.7	133,600	4.4
Kalutara	12.2	153,800	5.1
Kandy	14.3	204,700	6.7
Matale	19.6	99,700	3.3
Nuwara Eliya	26.3	199,100	6.5
Galle	13.2	145,700	4.8
Matara	11.1	93,700	3.1
Hambantota	13.6	87,700	2.9
Jaffna	25.8	157,800	5.2
Mannar	8	8,700	0.3
Vavunia	13.9	25,300	0.8
Mullaitivu	44.5	42,900	1.4

Kilinochchi	26.4	32,400	1.1
Batticaloa	20.8	117,500	3.9
Ampara	17.2	122,400	4.0
Trincomalee	18.3	76,300	2.5
Kurunegala	12.5	209,200	6.9
Puttalam	10.5	85,200	2.8
Anuradhapura	8.1	72,700	2.4
Polonnaruwa	17	72,200	2.4
Badulla	32.3	276,900	9.1
Moneragala	21	101,600	3.3
Ratnapura	24.9	287,300	9.4
Kegalle	20.8	180,700	5.9

Source: Household Income and Expenditure Survey -2019, DCS

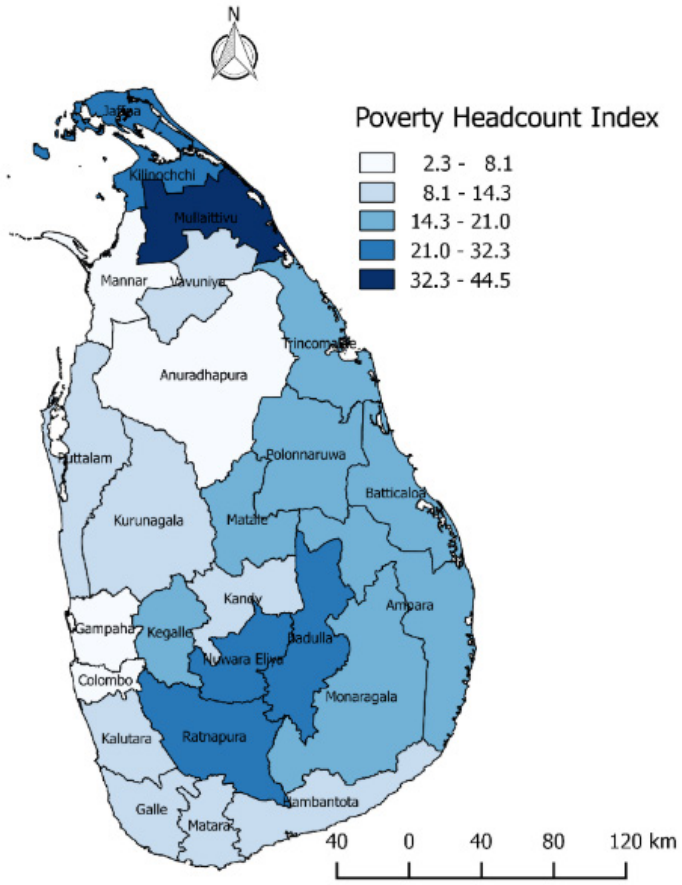


Figure 8.3 Spatial distribution of poverty on updated poverty line by district
Source: Department of Census and Statistics

Table 8.7 Poverty gap index (PGI), monthly shortfall and contribution to total shortfall and Squared Poverty Gap Index (SPGI) by sector, province and district – 2019

	Poverty Gap Index	Monthly shortfall		
		Total (Rs. Million)	Average (Rs.)	Contribution to total shortfall
Sri Lanka	**2.8**	**4181**	**1374**	**100**
Sector				
Urban	1	264	1216	6.3
Rural	3	3431	1372	82.1
Estate	7.3	486	1499	11.6
Province				
Western	1.1	450	1314	10.8
Central	3.9	740	1470	17.7
Southern	2.3	409	1249	9.8
Northern	5.6	440	1647	10.5
Eastern	3.4	396	1252	9.5
North Western	2	344	1168	8.2
North Central	2	183	1261	4.4
Uva	5.7	534	1411	12.8
Sabaragamuwa	4.9	686	1465	16.4
District				
Colombo	0.4	64	1167	1.5
Gampaha	1	167	1250	4
Kalutara	2.5	219	1423	5.2
Kandy	2.9	285	1393	6.8
Matale	4.1	145	1452	3.5
Nuwara Eliya	5.9	311	1559	7.4
Galle	2.6	200	1375	4.8
Matara	2.2	128	1369	3.1
Hambantota	1.8	80	911	1.9
Jaffna	6.3	267	1690	6.4
Mannar	1.1	8	918	0.2
Vavunia	3.5	45	1781	1.1
Mullaitivu	10.9	73	1712	1.8

Kilinochchi	5.5	47	1444	1.1
Batticaloa	4	159	1356	3.8
Ampara	2.8	141	1155	3.4
Trincomalee	3.3	95	1248	2.3
Kurunegala	2.2	257	1226	6.1
Puttalam	1.5	87	1024	2.1
Anuradhapura	1.3	83	1147	2
Polonnaruwa	3.4	99	1376	2.4
Badulla	6.6	391	1412	9.3
Moneragala	4.2	143	1408	3.4
Ratnapura	5.2	419	1459	10
Kegalle	4.4	267	1475	6.4

Source: Household Income and Expenditure Survey -2019, DCS

Table 8.8 Percentage and number of households in poverty by district 2019

	Percentage	number of households in poverty
Sri Lanka	11.90	681,800
Colombo	1.80	11,300
Gampaha	4.20	26,800
Kalutara	9.50	30,400
Kandy	11.50	43,800
Matale	15.60	21,400
Nuwara Eliya	23.90	46,400
Galle	10.80	32,900
Matara	9.50	21,800
Hambantota	12.00	20,700
Jaffna	20.80	31,600
Mannar	6.30	1,700
Batticaloa	16.20	25,800
Ampara	14.20	26,500
Trincomalee	15.00	16,900
Kurunegala	10.70	50,700
Puttalam	8.10	18,100

Anuradhapura	7.20	18,500
Polonnaruwa	13.80	15,700
Badulla	28.00	66,000
Moneragala	18.40	24,500
Ratnapura	20.70	64,400
Kegalle	18.00	42,100

Source: Household Income and Expenditure Survey -2019, DCS

8.4.2 Poverty Status by Age and Gender

The poverty rate among children aged 0-4 is highest, with 17.6% on the updated poverty line. The rate decreases for those aged 40-59 but increases for those above 60 years old. Children under 18 live in households below the poverty line, with approximately one-third of those living in poverty. The female population has a higher incidence of poverty than the male population.

Table 8.9 Poverty headcount index by gender and age groups

	Total		Male		Female	
Age group (years)	**Poverty headcount index**	**Number of people in poverty**	**Poverty headcount index**	**Number of people in poverty**	**Poverty headcount index**	**Number of people in poverty**
Sri Lanka	14.3	3,042,300	14.5	1,451,000	14.2	1,591,300
0-4	17.6	246,700	17.3	125,300	17.8	121,400
5-14	16.7	574,800	17.1	293,700	16.3	281,200
15-24	15.4	471,100	15.4	230,100	15.5	241,100
25-39	13.8	562,700	13.7	251,200	13.9	311,500
40-59	12.2	662,300	12.6	319,800	11.7	342,500
60+	13.8	524,600	13.5	230,900	14	293,700
0-17	16.8	990,600				
18 and above	13.4	2,051,600				

Source: Household Income and Expenditure Survey -2019, DCS

8.4.3 Multidimensional Poverty

A Multidimensional Poverty Index (MPI) provides a comprehensive view of poverty, identifying and addressing interlinked deprivations, and is increasingly utilized by countries to guide poverty alleviation. Under MPI approach, the Sri Lankan National MPI and Child MPI has been determined and Household Income and Expenditure Survey 2019 data provide an overview of multidimensional poverty with 10 indicators grouped into three dimensions based on household deprivation profiles in each category separately.

8.4.4 Impact of social protection programs on poverty

The 2019 Household Income and Expenditure Survey in Sri Lanka revealed that the government's 13 social protection programs, primarily under social assistance and insurance, reduced poverty from 7.9% to 3.2%. The pension scheme was the most significant factor for this reduction, which reduced poverty headcount to 5.2% and the Poverty Gap to 1.5. The survey suggests that while social protection programs in Sri Lanka are progressing, they should be rigorously focused to reduce poverty in the country.

Table 8.10 Impact of selected social protection programs on poverty measures - simulating the absence of the program – 2019

	Poverty Headcount Index	Poverty Gap Index
Indicator with listed transfer	14.3	2.8
Indicators without listed transfer		
All social protection	20.5	6.5
All social insurance	16.9	4.3
Pension	16.7	4.2
Compensation	14.5	3
All social Assistance	18	4.9
Disability and relief	14.4	2.9
Elderly payment	14.7	2.9
Tuberculosis	14.3	2.8
Scholarship	14.3	2.8
School food programm	14.4	2.8
Thriposha programm	14.4	2.8

Samurdhi	15.9	3.6
Food and other material subsidies	14.9	3.3
Disaster relief	14.4	2.9
Fertilizer subsides	15.1	3.2
Medical aids	14.4	2.9

Source: Household Income and Expenditure Survey -2019, DCS

8.5 Household Survey on Impact of Economic Crisis - 2023

The Department of Census and Statistics (DCS) conducts a household survey to understand the impact of the economic crisis on individuals within the country. This survey aims to evaluate how households are adapting to the crisis. The findings reveal the various strategies households employ to cope with the situation and assess changes in access to essential services such as healthcare, education, and overall living standards. By highlighting the effects of the economic downturn on households, the survey offers insights into their coping mechanisms and shifts in access to crucial services.

8.5.1 The impact of the economic crisis on Employment

The economic crisis has profoundly impacted employment across various sectors in the country. Consequently, this section of the survey focuses on collecting detailed information about the primary and secondary occupations of individuals aged 15 and above. The data gathered aims to capture information about the employed population based on the definitions provided by the Sri Lanka Labour Force Survey, which classifies individuals as employed if they have engaged in any economic activity for at least one hour in the week preceding the survey.

This part of the survey seeks to determine the effects of the economic crisis on working-age individuals since March 2022. It specifically aims to capture two main impacts:

1. Job loss: Collecting information on individuals who have faced unemployment or lost their jobs due to the economic crisis.
2. Changes in current job due to the economic crisis: Documenting any alterations or adjustments individuals have experienced in their current jobs directly related to the ongoing economic crisis.

According to the survey, nearly half of the employed individuals have experienced changes in their main job due to the economic crisis. These changes mainly involve work breaks or temporary absences, reductions in working hours, pay or allowance cuts, and income loss.

8.5.2 Impact of the economic crisis on household income and expenditure and its coping

The economic crisis has profoundly affected household finances, leading to notable shifts in income and expenditure patterns. Many households have faced income reductions due to a range of economic factors, necessitating changes in their spending behaviors. As a result, families are making strategic adjustments and employing various coping mechanisms to maintain financial stability during these challenging times. These adjustments often include cutting non-essential expenses, seeking additional sources of income, and prioritizing savings to navigate the uncertainty brought about by the economic downturn.

The economic crisis has led to varied effects on household incomes and expenditures, necessitating diverse coping strategies. A significant 60.5% of households have seen a reduction in total income, while a minority, 5.6%, have experienced an increase despite the economic challenges. Meanwhile, for 33.9% of households, overall income has remained stable. This financial upheaval has compelled households to adopt different measures to manage the crisis's impact and sustain their economic well-being.

8.5.3 The impact of the economic crisis on Health

Economic crises have a profound impact on people's health, primarily by limiting access to healthcare. Individuals dealing with unemployment or reduced incomes often struggle to obtain necessary medical treatments and preventive care, leading to delays and gaps in healthcare. Financial constraints can worsen existing health conditions by restricting access to essential medications and treatments.

This survey aims to provide a comprehensive understanding of how health is affected during economic crises, aiding policymakers in developing strategies to address healthcare challenges stemming from financial hardships.

The survey revealed that approximately 29% of individuals have experienced illness during this period. Among them, 7% have altered their

treatment procedures directly due to the economic crisis. These findings underscore the significant health impact of economic downturns and the adjustments individuals are making in response to financial difficulties.

8.6 The indebtedness of the households

During an economic crisis, household indebtedness can surge due to the financial difficulties households face, including income reductions, job losses, and overall financial uncertainties. This situation often forces households to borrow more to cover essential expenses, resulting in increased debt burdens. Repayment challenges arise from the inability to meet financial obligations, potentially leading to late payments, defaults, or a heightened reliance on credit. High levels of household debt create stress and financial strain, negatively impacting mental well-being. The crisis may also lead to severe consequences such as foreclosures or bankruptcy filings as households struggle to manage their debts. Efforts to address this issue typically involve policies focused on debt relief, financial education, and economic stimulus measures to mitigate the impact on households and support economic recovery.

Survey findings reveal that 54.9% of households in Sri Lanka are currently indebted. This statistic underscores that over half of Sri Lankan households are managing or repaying some form of financial obligation or debt. Such a level of indebtedness can significantly affect household finances, budgeting, and financial stability, especially during periods of economic difficulty or uncertainty.

CHAPTER IX

Health and Safety

9.1 Health Service System

Sri Lanka's free health service system is a model of universal health coverage in a developing country context. It has played a crucial role in improving health outcomes and ensuring equitable access to healthcare services for all citizens. While there are challenges, particularly in funding and managing the rising burden of non-communicable diseases, the system remains a cornerstone of Sri Lanka's public health achievements. Continued investment and reforms are necessary to sustain and enhance the quality and reach of free health services in Sri Lanka. The government sector provides nearly 95% of inpatient care and around 50% of outpatient care. In mid-2022, there were more than 1500 healthcare institutes in total, from which 588 were hospitals and 517 were primary care institutes. Further, there were 335 MOH offices. Sri Lanka has 555 government hospitals that provide primary health care (www.health.gov.lk, 2024).

Table 9.1: Number of government healthcare institutions by type, 2020
Government healthcare institutions

Government health care institutions	Number
Teaching Hospitals	18
Provincial General Hospitals	2
District Hospitals	20
Base Hospitals (Type A)	33
Base Hospitals (Type B)	50
Divisional Hospitals (Type A)	67
Divisional Hospitals (Type B)	147
Divisional Hospitals (Type C)	267
Other Hospitals	35
Primary Medical Care Units	523
Primary Medical Care Units and Maternity Homes	7
Medical Officer of Health	358
Total	**1527**

Source: Annual Health Bulletin-2020, Ministry of Health, Sri Lanka

Sri Lanka has made notable progress in several health indicators, outperforming its neighbors. Some of the indicators are as follows.

Sri Lanka has one of the lowest maternal and infant mortality rates in South Asia. The country has achieved near-universal coverage for maternal health services and immunizations, contributing to these low rates. The average life expectancy in Sri Lanka is relatively high compared to other South Asian countries. This is a result of improved healthcare services and better living conditions. Sri Lanka has successfully controlled and eradicated several infectious diseases. For instance, the country was declared malaria-free by the World Health Organization (WHO) in 2016.

Table 9.2 : Health Statistics of the World Health Statistics 2023: Life expectancy, Maternal Mortality and selected diseases

	Life expectancy at birth (years) Comparable estimates			Maternal mortality ratio (per 100 000 live births)	Proportion of births attended by skilled health personnel (%)	New HIV infections (per 1000 uninfected population)	Tuberculosis incidence (per 100 000 population)	Malaria incidence (per 1000 population at risk)	Hepatitis B surface antigen (HBsAg) prevalence among children under 5 years (%)
	Male	Female	Both sexes	Comparable estimates	Primary data	Comparable estimates	Comparable estimates	Comparable estimates	Comparable estimates
Country	**2019**			**2020**	**2013–2022**	**2021**	**2021**	**2021**	**2020**
Afghanistan	63.3	63.2	63.2	620	62	0.04	189	6.3	0.39
Bangladesh	73.0	75.6	74.3	123	59	<0.01	221	0.5	0.51
Cambodia	67.2	72.7	70.1	218	99	0.07	288	1.6	0.19

India	69.5	72.2	70.8	103	89	0.05	210	3.2	0.16
Maldives	78.6	80.8	79.6	57	100	-	38	-	0.21
Myanmar	65.9	72.2	69.1	179	60	0.20	360	9.1	1.11
Nepal	68.9	72.7	70.9	174	77	-	229	<0.1	0.16
Pakistan	64.6	66.7	65.6	154	68	-	264	2.2	0.91
Sri Lanka	**73.8**	**79.8**	**76.9**	**29**	**100**	**<0.01**	**63**	**0.0**	**0.34**
Global	**70.8**	**75.9**	**73.3**	**223**	**86**	**0.19**	**134**	**59.2**	**0.94**

Source: WHO

In addition to that following table shows the mortality rate due to some selected human behavioral patterns. Sri Lanka has a robust public healthcare system that provides free healthcare services to its citizens. The emphasis on primary healthcare has led to better health outcomes across the population. Every family in Sri Lanka is assigned a public health midwife, and the country's ground level MOH system is exclusive to it, having laid the groundwork for many of the country's public health accomplishments. High literacy rates and better education levels have contributed to improved health outcomes, as educated populations are more likely to utilize health services and adopt healthier lifestyles.

Table 9.3 : Health Statistics of the World Health Statistics 2023: Percentage of dying due to selected behavioral patterns.

	Probability of dying from any of CVD, cancer, diabetes, CRD between age 30 and exact age 70 (%)	Suicide mortality ratek (per 100 000 population)	Total alcohol per capita (≥ 15 years of age) consumption (litres of pure alcohol)	Road traffic mortality ratek,ay (per 100 000 population)	Population with household expenditures on health > 10% of total household expenditure or incomep (%)	Population with household expenditures on health > 25% of total household expenditure or incomep (%)	Age-standardized mortality rate attributed to household and ambient air pollutionq (per 100 000 population)	Mortality rate from unintentional poisoning (per 100 000 population)
	Comparable estimates	Comparable estimates	Comparable estimates	Comparable estimates	Primary data	Primary data	Comparable estimates	Comparable estimates
Countries and areas	**2019**	**2019**	**2019**	**2019**	**2013–2021**	**2013–2021**	**2019**	**2019**
Afghanistan	35.3	4.1	<0.1	15.9	26.1	8.0	265.7	1.0
Bangladesh	18.9	3.7	<0.1	15.3	24.4	8.5	143.9	0.3
India	21.9	12.7	4.9	15.6	17.5	6.7	139.3	0.3
Maldives	11.6	2.7	1.4	1.6	10.3	4.1	32.0	<0.1
Myanmar	24.9	2.9	2.1	20.4	12.7	3.5	184.1	1.3
Nepal	21.5	9.0	1.4	16.3	10.7	2.1	177.9	1.7
Pakistan	29.4	8.9	0.1	13.0	5.4	1.0	192.1	1.6
Sri Lanka	**13.2**	**14.0**	**2.8**	**19.7**	**5.4**	**0.9**	**91.6**	**0.4**
Global	**17.8**	**9.2**	**5.5**	**16.7**	**13.5**	**3.8**	**103.6**	**1.1**

Source:WHO

Table 9.4 : Health Statistics of the World Health Statistics 2023: Life expectancy and selected main diseases

	Age-standardized prevalence of tobacco use among persons 15 years and olders (%)	Total net official development assistance to medical research and basic health sectors per capitau (US$), by recipient country	Density of medical doctorsw (per 10 000 population)	Density of nursing and midwifery personnelw (per 10 000 population)	Density of dentists (per 10 000 population)	Density of pharmacists (per 10 000 population)
	Comparable estimates	Primary data	Primary data	Primary data	Primary data	Primary data
Countries and areas	**2020**	**2021**	**2013–2021**	**2013–2021**	**2013–2021**	**2013–2021**
Afghanistan	23.3	3.50	2.5	4.5	0.7	0.3
Bangladesh	34.7	4.89	6.7	6.1	0.7	1.0
Cambodia	21.1	5.21	2.1	10.2	0.9	0.3
India	27.2	0.22	7.3	17.3	1.6	8.6
Maldives	25.2	23.00	21.6	49.0	1.0	6.8
Myanmar	44.1	3.21	7.5	11.0	0.7	0.8
Nepal	30.4	5.08	8.7	34.9	1.4	1.7
Pakistan	**20.2**	**3.61**	**10.8**	**4.7**	**1.2**	**1.5**
Sri Lanka	22.0	1.70	11.9	24.4	1.0	1.1
Global	**22.3**	**-**	**16.3**	**39.4**	**3.3**	**4.7**

Source: WHO

Sri Lanka has made significant strides in controlling infectious diseases. For example, Sri Lanka has not reported any case of mother-to-child transmission of HIV since 2017 and its congenital syphilis cases has consistently been two per 100 000 live births, much less than fifty per 100 000 live births needed for elimination certification, as per the findings of the Global Validation Advisory Committee of the WHO. Further, the country was declared malaria-free in 2016, and there are effective programs for tuberculosis and leprosy control. Though measles was eliminated in 2019, after the pandemic similar to many countries Sri Lanka also experienced a surge of measles cases in 2023 but could control with prompt healthcare interventions.

Sri Lanka has achieved very high immunization coverage and thus the vaccine-preventable disease prevalence is low. The following table highlights Sri Lanka's exceptional vaccination coverage in 2023, with 99% coverage across all listed vaccines, far exceeding the South-East Asia regional averages. Notably, Sri Lanka outperforms the region in every category, with particularly significant differences in Polio (99% vs. 85%) and Hepatitis B (99% vs. 57%). This data underscores the effectiveness and success of Sri Lanka's immunization program, demonstrating its strong commitment to preventing vaccine-preventable diseases compared to the broader South-East Asia region.

Table 9.5 : Vaccination coverage percentage of selected main diseases in Sri Lanka and South-East Assia Region- 2023.

	Sri Lanka	South-East Asia Region
BCG	99%	90%
DTP-containing vaccine, 3rd dose	99%	90%
Measles-containing vaccine, 2nd dose	99%	90%
Polio, 3rd dose	99%	85%
Rubella-containing vaccine, 1st dose	99%	91%
HepB, 3rd dose	99%	57%

Source: Immunization dashboard- WHO

However, there is a growing burden of NCDs such as diabetes, cardiovascular diseases, and cancers. This shift is partly due to changing lifestyles, dietary habits, and an aging population.The country faces challenges from emerging health threats such as dengue fever, which has become a significant public health concern.

9.2 Malnutrition, Food insecurity and Nutrition

As per the Annual report of the Central Bank of Sri Lanka rising malnutrition among children has become a forefront policy concern in Sri Lanka amidst heightened food insecurity of households caused by the host of economic and social issues that exacerbated during the economic crisis in 2022.The crisis has led to severe shortages of essential goods, including food, and has driven up prices, making it difficult for many families to afford adequate nutrition. About 3.9 million people (17 percent of the population) are estimated, at the time of the mission, to be moderately acute food insecure and 10000 people to be severely acute food insecure. This represents an improvement compared to May 2022, when 6.2 million were estimated to be moderately acute food insecure and 66 000 people were severely acute food insecure (Food and Agriculture Organization, 2023). The highest level of acute food insecurity was in the Estate sector (tea production) and among households deriving their main incomes from social protection schemes such as Samurdhi and disability benefits, linked to unaffordability of food and healthy diets. Households relying on unskilled wage labour (agriculture and non-agriculture) and fishing communities also have high levels of food insecurity. In addition, female-headed households and households with low education attainment exhibit higher food insecurity rates compared to the rest of the population.

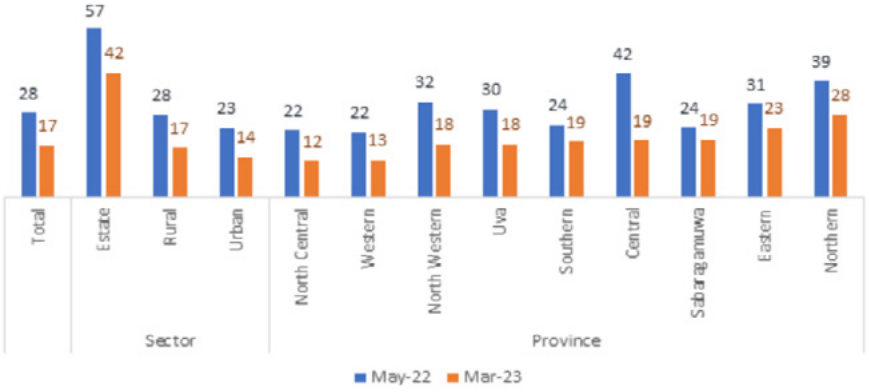


Figure 9.1: Sri Lanka – Acute food insecurity trend by province and sector (percent/household)
Source: Food and nutrition security in Sri Lanka under the economic crisis: Situation analysis, impacts, and responses, Food and Agriculture Organization (2023).

In the 2024 Global Hunger Index, Sri Lanka ranks 56th out of the 127 countries with sufficient data to calculate 2024 GHI cores. With a score of 11.3, Sri Lanka has a level of hunger that is moderate.

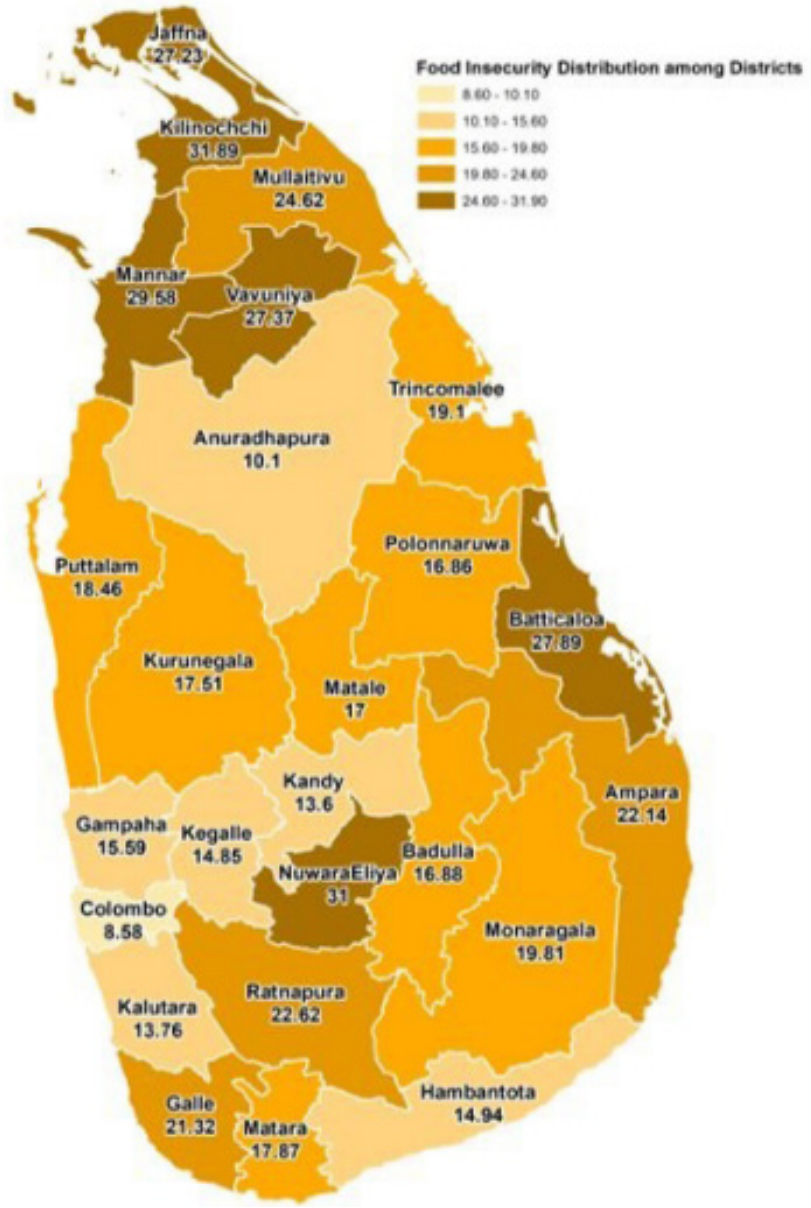


Figure 9.2: Sri Lanka – Acute food insecurity by district, 2023 (percent/household)
Source: FAO/WFP Crop and Food Supply Assessment Mission (CFSAM, 2023.)

Acute food insecurity was also high in Eastern (23 percent) and Northern (28 percent) provinces, specifically in the districts of Killinochchi, Nuwara Eliya, Mannar, Batticaloa, Vavuniya and Jaffna where food insecurity was above 25 percent.

Malnutrition among children under 5 years of age is a public health concern in Sri Lanka.

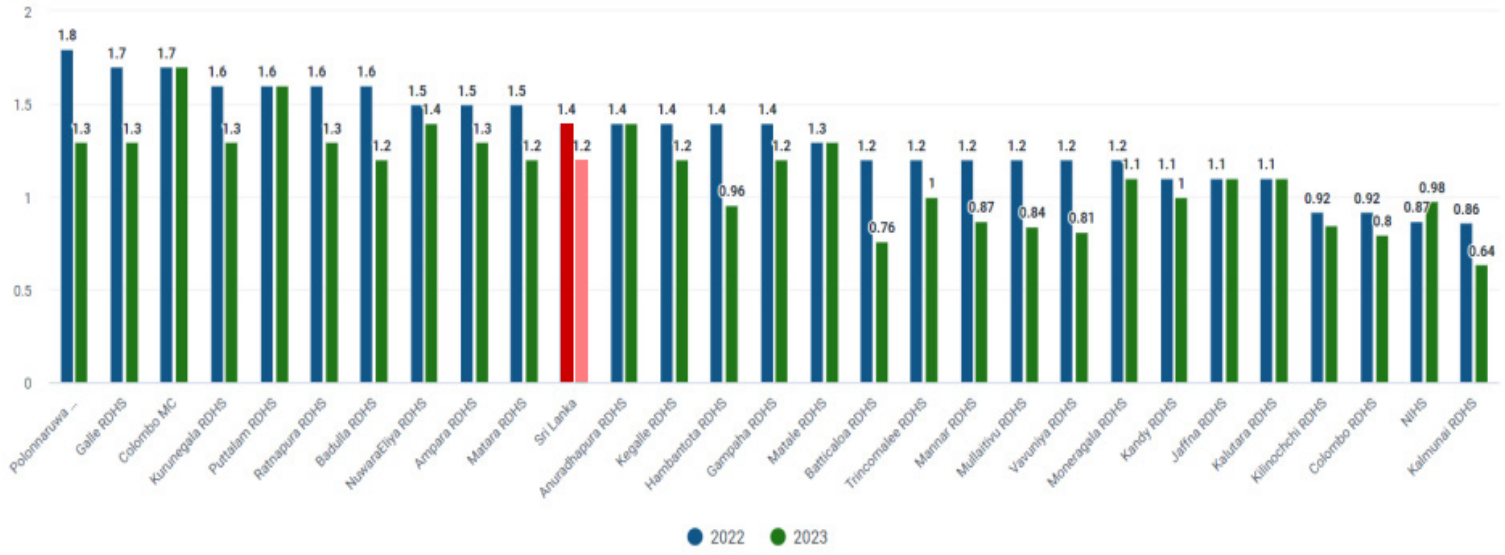


Figure 9.3 : : Percentage of children under 5 years with severe wasting by RDHS(Office Of The Regional Director Of Health Services)
Source: Family Health Bureau (2023) Nutrition Month 2023 Report.

Table 9.6: Prevalence (%) of wasting, stunting, underweight and overweight of children 6-59 months by province

Province	Wasting	Stunting	Underweight	Overweight	Malnutrition
Western	20.3	8.5	18.9	3.3	29.2
Central	15.9	21.5	22.1	1.0	33.8
Southern	20.2	13.9	22.1	2.4	31.2
Northern	22.6	8.3	20.8	1.8	29.8
Eastern	22.5	6.2	20.0	0.0	26.2
Northwestern	27.1	18.6	38.0	0.0	38.0
Northcentral	20.0	14.3	23.8	2.9	30.5
Uva	19.2	15.2	23.2	0.0	31.2
Sabaragamuwa	12.1	14.5	18.5	2.4	25.0
Sector					
Urban	22.0	9.1	19.5	4.3	31.1
Rural	20.2	11.8	22.2	1.5	29.5
Estate	14.4	33.1	30.2	0.0	40.3
Sri Lanka	**19.8**	**13.7**	**22.7**	**1.7**	**30.8**

Source: National Nutrition and Micronutrient Survey in Sri Lanka: 2022- Medical Research Institute

Table 9.7 : Prevalence of anaemia by province

Province	Moderate anaemia	Mild anaemia	Overall anaemia	Non anaemic
Western	4.3	9.1	13.4	86.6
Central	2.8	7.8	11.2	88.8
Southern	2.2	12.0	14.2	85.8
Northern	3.7	11.8	15.4	84.6
Eastern	5.6	2.8	8.3	91.7
Northwestern	6.6	11.5	18.0	82.0
Northcentral	6.2	14.4	20.6	79.4
Uva	2.6	14.7	17.2	82.8

Sabaragamuwa	4.2	10.2	14.4	85.6
Sector				
Urban	5.7	12.1	17.9	82.1
Rural	4.0	10.6	14.7	85.3
Estate	2.2	8.8	11.0	89.0
Sri Lanka	**4.0**	**10.6**	**14.6**	**85.4**

Source: National Nutrition and Micronutrient Survey in Sri Lanka: 2022- Medical Research Institute

Table 9.8: Prevalence of anaemia by province and sector in pregnant women (Percentage)

	Overall anaemia	Moderate anaemia	Mild anaemia	Non anaemic
Province				
Western	21.0	6.6	14.4	79.0
Central	9.2	0.8	8.4	90.8
Southern	15.6	5.4	10.2	84.4
Northern	15.3	4.2	11.0	84.7
Eastern	13.4	5.5	7.9	86.6
Northwestern	17.2	2.6	14.7	82.8
Northcentral	22.4	7.5	14.9	77.6
Uva	10.5	4.2	6.3	89.5
Sabaragamuwa	8.3	1.2	8.3	91.7
Sector				
Urban	19.9	7.7	12.2	80.1
Rural	14.4	3.8	10.7	85.6
Estate	**10.5**	**2.3**	**8.1**	**89.5**
Sri Lanka	**15.0**	**4.3**	**10.7**	**85.0**

Source: National Nutrition and Micronutrient Survey in Sri Lanka: 2022- Medical Research Institute

Table 9.9 : Prevalence (%) of iron deficiency by province

Province	Iron Deficiency Percentage
Western	5.0
Central	8.6
Southern	4.0
Northern	5.3
Eastern	2.9
Northwestern	4.2
Northcentral	5.4
Uva	5.3
Sabaragamuwa	6.0
Sector	
Urban	5.0
Rural	4.4
Estate	12.1
Sri Lanka	**5.4**

Source: National Nutrition and Micronutrient Survey in Sri Lanka: 2022- Medical Research Institute

Table 9.10: Prevalence of iron deficiency anemia (IDA) among children aged 6-59 months by sex, age, and provinces.

Background characteristic	Percentage of Children with IDA
Age of the child in months	
6-11	4.1
12-23	3.6
24-35	1.8
36-47	1.0
48-59	0.4
Sex of the child	
Male	2.0
Female	1.6
Province	
Western	2.2

Central	1.7
Southern	0.6
Northern	3.1
Eastern	0.0
Northwestern	1.7
Northcentral	2.2
Uva	0.0
Sabaragamuwa	4.3
Sector	
Urban	3.6
Rural	1.2
Estate	2.3
Sri Lanka	**1.8**

Source: National Nutrition and Micronutrient Survey in Sri Lanka: 2022- Medical Research Institute

Table 9.11 : Prevalence (%) of Vitamin D Deficiency (VDD) by province

Province	VDD percentage
Western	26.3
Central	38.8
Southern	32.4
Northern	9.1
Eastern	15.9
Northwestern	18.3
Northcentral	28.1
Uva	25.7
Sabaragamuwa	33.3
Sector	
Urban	25.2
Rural	25.1
Estate	36.8
Sri Lanka	**26.2**

Source: National Nutrition and Micronutrient Survey in Sri Lanka: 2022- Medical Research Institute

Table 9.12 : Selected notifiable diseases reported by Medical Officers of Health 2023

Regional Director Of Health Services	Dengue Fever	Dysentery	Encephalit	Enteric	Food Poison-	Leptospirosis	Typhus	V. Hep.	H. Rabi.	Chickenpox	Meningitis	Leishmania-
Colombo	15,122	18	19	4	12	383	-	6	-	387	57	7
Gampaha	13,514	22	21	13	30	642	13	21	-	329	137	48
Kalutara	4,876	33	6	1	20	927	2	10	1	596	118	5
Kandy	9,031	44	3	13	23	316	69	6	2	345	32	39
Matale	2,096	5	3	1	39	159	14	9	-	82	11	356
NuwaraEliya	424	173	6	3	52	204	77	6	-	230	34	3
Galle	3,598	58	15	6	49	1,020	85	2	1	401	40	3
Hambantota	1,570	18	4	1	10	420	74	9	-	164	21	678
Matara	1,997	30	10	1	72	556	34	7	2	333	26	201
Jaffna	4,870	164	2	20	52	23	782	8	2	220	23	3
Kilinochchi	167	27	-	1	19	13	10	1	-	19	2	-
Mannar	172	12	-	1	-	41	10	1	-	3	11	1
Vavuniya	234	15	1	-	27	59	10	3	-	37	17	13

Mullaitivu	185	19	1	5	12	55	7	1	-	19	3	8
Batticaloa	2,754	236	12	5	28	125	2	11	4	159	55	1
Ampara	296	21	1	1	70	189	2	2	-	106	72	13
Trincomalee	2,176	32	2	2	69	114	15	5	-	90	36	9
Kurunegala	3,876	71	18	2	9	575	21	16	3	550	252	616
Puttalam	3,621	51	5	2	2	151	10	1	-	136	105	27
Anuradhapura	887	21	2	1	12	377	39	6	2	260	56	738
Polonnaruwa	664	29	6	7	11	264	11	16	-	103	19	441
Badulla	2,037	47	7	-	45	389	70	99	-	225	64	45
Monaragala	871	27	6	-	8	648	42	37	1	81	98	191
Ratnapura	2,580	76	21	3	64	1,422	34	22	2	288	156	224
Kegalle	3,484	32	3	2	23	791	47	6	-	499	102	51
Kalmune	1,854	76	14	-	4	64	2	4	-	196	47	-
SRILANKA	**2,956**	**1,357**	**188**	**95**	**762**	**9,927**	**1,482**	**315**	**20**	**5,858**	**1,594**	**3,721**

9.3 Fertility

The average number of children a woman would have by the end of her childbearing years if she bore children at the current age-specific fertility rates. Age-specific fertility rates are calculated for the 3 years before the survey, based on detailed birth histories provided by women.

Total Fertility Rates in the region

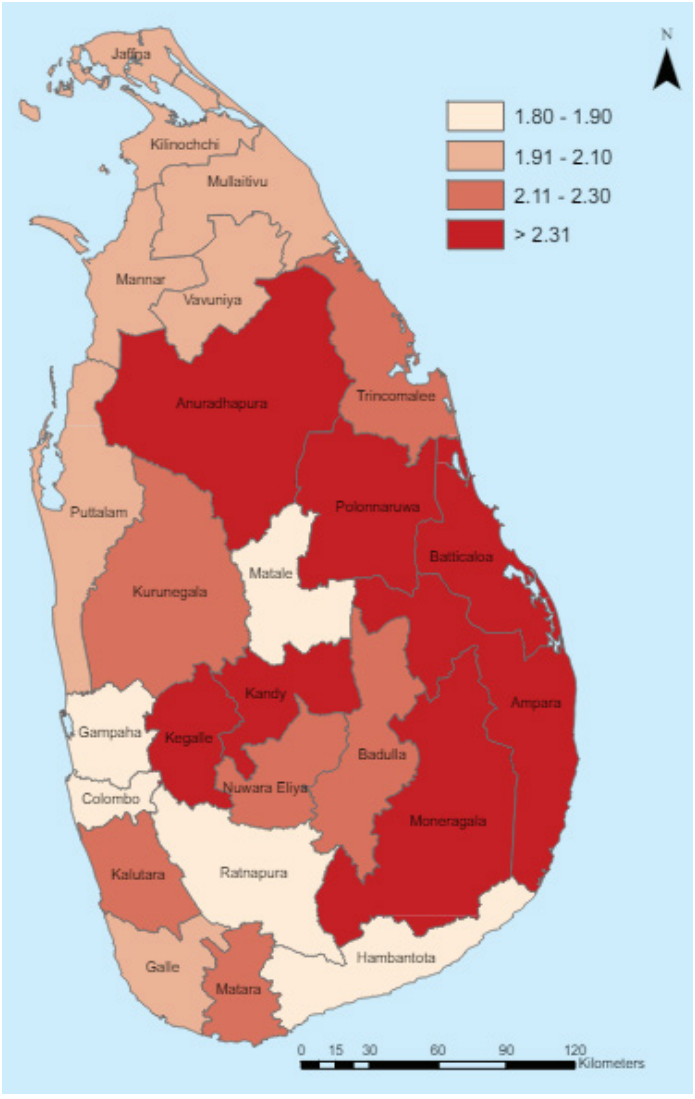


Figure 9.1 : Total Fertility Rates by District, 2016 SLDHS

Source: DCS

Table 9.13 : Fertility by background characteristics

District	Total fertility rate	Percentage of women age 15-49 currently pregnant	Mean number of children ever born to women age 40-49 years
Colombo	1.8	1.5	2
Gampaha	1.8	3.8	2
Kalutara	2.2	1.8	2.1
Kandy	2.6	3.3	2.1
Matale	1.9	2.4	2.4
Nuwara Eliya	2.2	2.8	2.4
Galle	2.1	3.3	2.3
Matara	2.3	3.9	2.2
Hambantota	1.9	2	2.5
Jaffna	2.1	2.4	2.8
Mannar	2	3.9	2.8
Vavuniya	2	2.5	2.8
Mullaitivu	2	1.4	2.9
Kilinochchi	2.1	2.7	3.4
Batticaloa	2.4	3.9	3
Ampara	2.4	4.1	2.8
Trincomalee	2.3	3.6	3.1
Kurunegala	2.2	3.7	2.2
Puttalam	2.1	3.5	2.5
Anuradhapura	2.4	3.7	2.2
Polonnaruwa	2.5	4	2.3
Badulla	2.3	3.1	2.4
Moneragala	2.4	3.8	2.7
Ratnapura	1.8	2.2	2.2
Kegalle	2.6	4.1	2

Education level			
No Education	1.6	0.8	2.5
Passed grade 1-5	2.3	1.3	2.8
Passed grade 6-10	2.4	3.1	2.4
Passed GCE (O/L) or equivalent	2.1	3.3	2.1
Passed GCE (A/L) or equivalent	2.1	3.7	1.9
Degree or above	2.0	6.1	1.8

Source: DCS

9.4 Infant and Child Mortality

Sri Lanka has achieved its Millennium Development Goals targets on infant and under-five mortality, with a 30% reduction in under five mortality (U5MR). Most U5MR occurs in the first year of life, particularly during the neonatal period. Infant mortality rates were estimated at 10 per 1,000 live births, with neonatal mortality at 7 per 1,000. Post-neonatal, infant, and child mortality rates have also decreased. However there is a stagnation of these rates during the past few years.

Table 9.14 : Mortality

Years preceding the survey	Neonatal mortality (NN)	Post-neonatal mortality (PNN)	Infant mortality (1q0)	Child mortality (4q1)	Under-five mortality (5q0)
0-4	7	3	10	1	11
5-9	8	3	11	2	13
10-14	10	4	14	3	17

Source: DCS

Table 9.15: Early childhood mortality rates by socioeconomic characteristics Neonatal, post-neonatal, infant, child, and under-five mortality rates for the 10-year period preceding the survey, by background characteristics, Sri Lanka 2016

	Neonatal mortality (NN)	Post-neonatal mortality (PNN)	Infant mortality (1q0)	Child mortality (4q1)	Under-five mortality (5q0)
Residence					
Urban	7	3	10	2	11
Rural	7	3	10	1	12
Estate	8	5	13	2	15
District					
Colombo	5	4	9	0	9
Gampaha	2	3	5	2	7
Kalutara	9	7	16	0	16
Kandy	7	2	9	3	12
Matale	-10	-4	-14	-1	-14
Nuwara Eliya	7	2	9	0	9
Galle	4	3	8	2	10
Matara	7	0	7	0	7
Hambantota	6	2	8	0	8
Jaffna	-7	-2	-10	-5	-15
Mannar	0	-3	-3	-2	-4
Vavuniya	-15	0	-15	0	-15
Mullaitivu	-13	-9	-22	0	-22
Kilinochchi	-21	-8	-28	-16	-44
Batticaloa	8	2	10	0	10
Ampara	13	4	17	0	17
Trincomalee	25	0	-25	-1	-26
Kurunegala	7	3	10	2	12
Puttalam	14	5	19	4	22

Anuradhapura	7	3	10	1	12
Polonnaruwa	0	0	0	-3	-3
Badulla	8	3	10	3	13
Monaragala	6	0	6	0	-6
Ratnapura	9	7	17	0	17
Kegalle	3	3	6	1	7
Mother's Passed Grade					
Passed Grade 1-5	9	5	13	1	14
Passed Grade 6-10	7	4	11	2	12
Passed G.C.E.(O/L)	8	3	11	1	12
Passed G.C.E.(A/L)	8	2	10	1	11
Degree or above	3	0	4	2	6

Source: DCS

9.5 Perinatal Mortality

Perinatal mortality, which includes stillbirths that occur after seven full months of pregnancy and early neonatal mortality, which refers to deaths of live newborns that occur during the first seven days of life, serves as a gauge for the caliber of a nation's healthcare system.

Perinatal mortality Number of stillbirths and early neonatal deaths, and the perinatal mortality rate for the five-year period preceding the survey, by background characteristics, Sri Lanka 2016.

Table 9.16 : Parental mortality in 2016

	Number of stillbirths	**Number of early neonatal deaths**	**Perinatal mortality rate**	**Number of pregnancies of 7+ months duration**
Mother's age at birth				
<20	1	3	10	415
20-29	14	15	7	4,209

30-39	30	20	15	3,371
40-49	5	2	35	203
months				
Previous pregnancy interval in months				
1st Pregnancy	14	14	10	2,940
<15	4	4	11	713
15-26	1	3	6	641
27-38	1	5	9	734
39+	29	13	13	3,171
Residence				
Urban	9	6	12	1,299
Rural	39	33	11	6,539
Estate	2	1	7	359
District				
Colombo	6	3	13	722
Gampaha	2	-	3	764
Kalutara	5	4	17	521
Kandy	1	2	6	577
Matale	3	2	22	220
NuwaraEliya	-	-	-	278
Galle	3	2	11	425
Matara	4	1	15	340
Hambantota	2	1	10	267
Jaffna	2	1	16	206
Mannar	-	-	-	41
Vavuniya	1	-	13	61
Mullaitivu	-	-	9	37
Kilinochchi	-	1	17	46
Batticaloa	-	1	3	245
Ampara	1	5	16	360
Trincomalee	1	2	15	195
Kurunegala	2	1	6	684
Puttalam	-	5	18	295
Anuradhapura	4	1	13	415
Polonnaruwa	1	-	7	188
Badulla	4	1	16	304

Monaragala	3	1	16	240
Ratnapura	3	4	17	452
Kegalle	1	1	7	313
Mother's Education				
No Education	-	-	-	55
Passed Grade 1-5	-	-	-	291
Passed Grade 6-10	20	17	10	3,539
Passed GCE(O/L)	17	10	14	1,838
Passed GCE(A/L)	12	11	12	1,996
Degree or Above	1	2	6	480

Source : DCS

9.6 Hospitalization

Table 9.17: Number of hospitalizations by cause of hospitalization, 2020

	Total	Male %	Fmale %
Traumatic injuries (S00-T19, W54)	939,902	67.1	32.9
Symptoms, signs and abnormal clinical and laboratory findings (R00-R99)	520,801	48.6	51.4
Diseases of the urinary system (N00-N39)	369,097	60.5	39.5
Diseases of the gastrointestinal tract (K20-K92)	291,652	53.7	46.3
Direct and indirect obstetric causes (O10-O46, O48-O75,O81-O99, Z35)	247,689	-	100
Diseases of the respiratory system excluding diseases of			
upper respiratory tract, pneumonia and influenza	224,646	55.7	44.3
(J20-J22, J40-J98)			
Diseases of skin and subcutaneous tissue (L00-L99)	204,150	55.9	44.1
Diseases of the musculoskeletal system and connective tissue (M00-M99)	165,101	52.7	47.3
Viral diseases (A80-B34)	149,989	56	44
Neoplasms (C00-D48)	141,817	44.5	55.5
Diseases of the eye and adnexa (H00-H59)	136,117	51.2	48.8

Source: Annual Health Bulletin -2020, Ministry of Health Sri Lanka

Table 9.18: Number of hospital deaths by cause of death, 2020

	Number	Male %	Female %
Ischaemic heart disease (I20-I25)	6,665	57.1	42.9
Neoplasms (C00-D48)	5,353	55.1	44.9
Zoonotic and other bacterial diseases (A20-A49)	5,237	53.2	46.8
Diseases of the respiratory system excluding diseases of upper respiratory tract, pneumonia and influenza (J20-J22, J40-J98)	4,094	60.7	39.3
Cerebrovascular disease (I60-I69)	3,695	58.5	41.5
Pulmonary heart disease and diseases of the pulmonary circulation (I26-I51)	3,437	53.1	46.9
Diseases of the urinary system (N00-N39)	2,736	58.9	41.1
Pneumonia (J12-J18)	2,598	59	41
Diseases of the gastro-intestinal tract (K20-K92)	2,422	69.5	30.5
Traumatic injuries (S00-T19, W54)	1,537	78.3	21.7

Source: Annual Health Bulletin -2020, Ministry of Health Sri Lanka

9.7 Covid 19 Pandemic

As of January 2022, Sri Lanka, like many other countries, was grappling with the COVID-19 pandemic. Sri Lanka experienced various waves of infections, with fluctuations in case numbers and associated public health measures.

Efforts to contain the virus included lockdowns, travel restrictions, and vaccination campaigns. However, challenges such as limited healthcare resources, vaccine hesitancy, and economic impacts persisted

Table 9.19 COVID-19 Epidemiology Sri Lanka

27.01.2020-30.04.2023		Duration	No. of Cases	No. of Deaths	Case* Fatality Rate
672,171 **Total Number of Cases**	1st wave	27.01.2020-03.10.2020	3,396	13	0.38
16,842 **Total Number of Deaths**	2nd wave	04.10.2020-14.04.2021	92,341	591	0.64
Number Vaccinated **At least 1st dose: 17,161,246** **2nd dose : 14,768,419** **1st booster : 8,247,788** **2nd booster : 203,396**	3rd wave	15.04.2021-31.12.2022	**576,434**	**16,238**	**2.81**
	***Case is defined as a laboratory confirmed patient**				

Source: Epidemiology Unit, Ministry of Health

Table 9.20 : COVID-19 Cases : District Distribution

District	1st wave	2nd wave	3rd wave	Total
Colombo	174	32123	112044	144341
Gampaha	51	18483	97230	115764
Kalutara	72	6986	51695	58753
Kandy	19	5710	16751	22480
Kurunegala	30	3191	28382	31603
Galle	4	2645	43236	45885
Ratnapura	9	3654	20100	23763
Matara	4	1544	21787	23335
Matale	5	1214	14369	15588
Nuwara Eliya	2	1259	11082	12343
Kegalle	10	1770	11708	13488
Jaffna	16	1441	10899	12356
Badulla	4	1358	13289	14651

Puttalam	39	1024	14329	15392
Anuradhapura	31	820	14249	15100
Hambantota	3	710	19496	20209
Trincomalee	4	651	3733	4388
Monaragala	6	545	14766	15317
Polonnaruwa	10	475	4784	5269
Ampara	9	498	13569	14076
Kalmunai	18	1296	3914	5228
Batticaloa	1	699	9195	9895
Vavuniya	2	623	3042	3667
Mullaitivu	0	278	2018	2296
Kilinochchi	0	250	9777	10027
Mannar	0	379	2150	2529

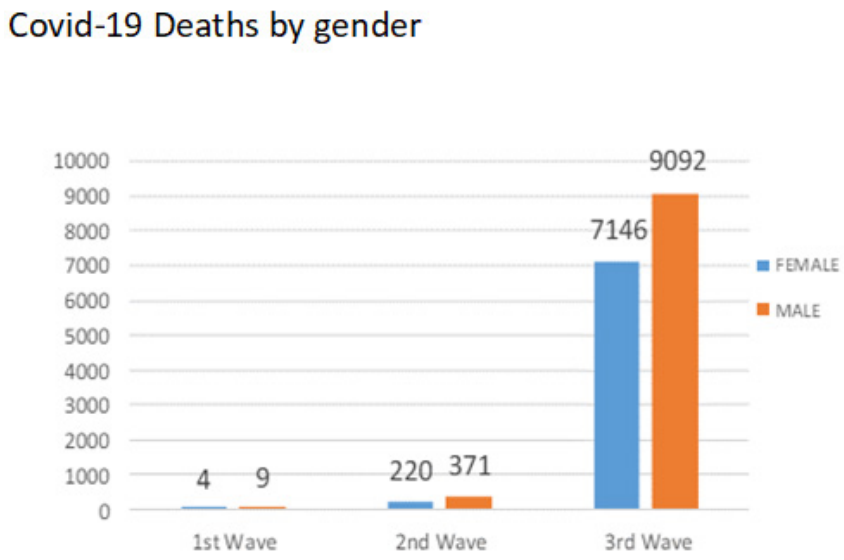


Figure 9.2 Covid 19 deaths by gender

9.8 Chronic Kidney Disease

Fifteen years ago health researchers and medical professionals in Sri Lanka have observed a high incidence of new form of chronic kidney disease of unknown etiology (CKD-U) or unknown origin in North Central Region (NCR) of Sri Lanka. The disease is prevalent in main rise cultivation areas under ancient irrigation systems and it has been on the increase

dramatically over a period of last 15-20 years or last two decades. In recent years, a significant increase in some parts of the country especially in North Central, North Western, Uwa and Eastern Provinces and it is considered to be one of the most important emerging health issues. The total number of affected individuals is unknown, but a considerable percentage of the farming community is affected. It is estimated around 15,000 people are currently undergoing treatment for this disease. (Jayasekara et al.2013). Males from poor socio-economic backgrounds who are involved in paddy cultivation are mainly affected segment of chronic kidney diseases and renal biopsies of these patients were reported as interstitial nephritis raising the concern of possible toxin exposure (Dissanayake, n.d).

The CKD in Sri Lanka is still an unknown etiology (Wickramasinghe et al 2011). Sudden outbreaks of the CKD have been rampant in Sri Lanka. The situation was come to intense attention as late as year 2000, even though the situation had been chronically afflicted since 1990s in geographically discrete areas in the North Central Province.

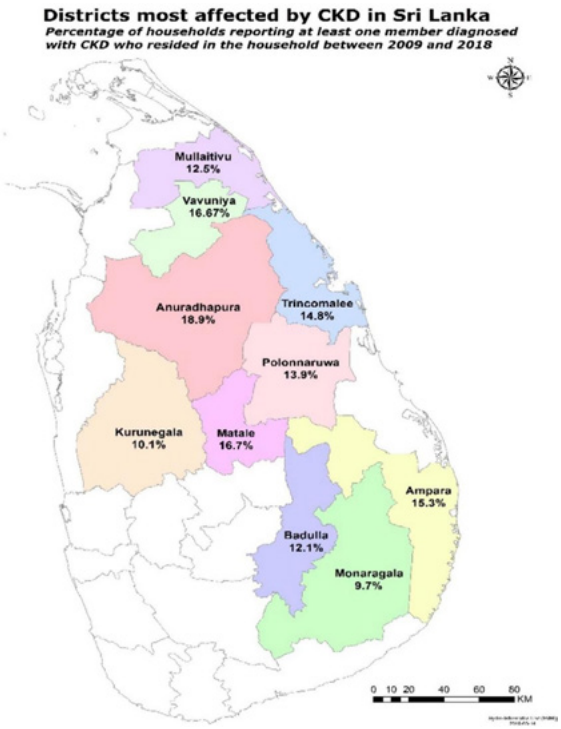


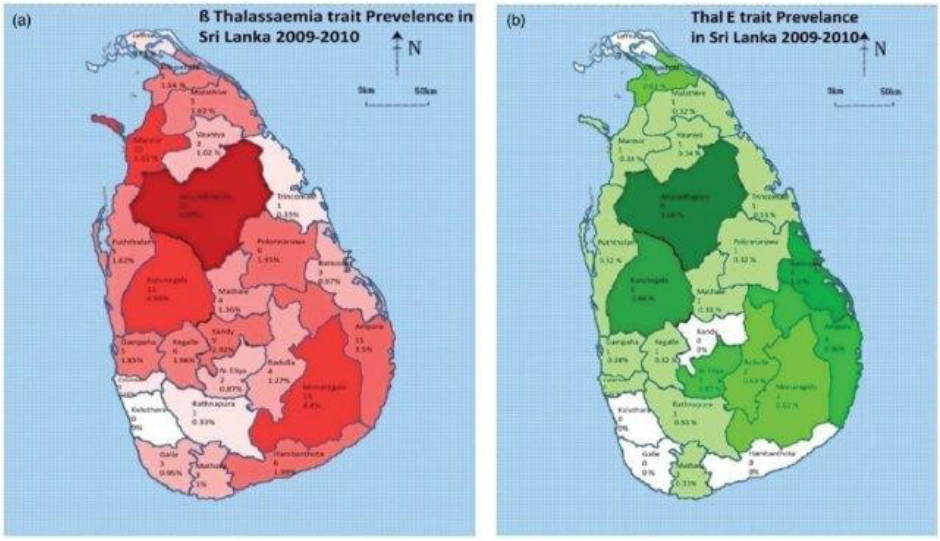
Figure 8.3 : Distribution of CKD in Sri Lanka
Source: Public Health Challenges, Volume: 3, Issue: 1, First published: 24 January 2024, DOI: (10.1002/puh2.155)

9.9 Thalassemia

An estimated 2000 persons in Sri Lanka (as of 2020) suffer from severe thalassemia. Most have β-thalassemia (β-thal) major (β-TM), with the majority having Hb E /β-thal. The carrier rate for β-thal trait is 2.5 percent and α+-thalassemia (α+-thal) trait is 9.9%, with almost similar percentages in the three main ethnic groups (Tamils, Moors, and Sinhalese). These conditions severely impact the body's ability to produce hemoglobin, leading to chronic anemia and requiring regular blood transfusions and medical care

Even on this little island, there is a notable variance in the thalassemia type distribution, which is similar to the historical distribution of malaria. Despite the state providing free treatment, including chelation and blood transfusions, the overall survival rate of β-TM patients is still lower than that of the Mediterranean region. A nationwide initiative to prevent thalassemia was established (Premawardhena et al 2022)

The regions with the highest prevalence of thalassemia in Sri Lanka are Kurunegala, Anuradhapura, Trincomalee, and Hambantota districts (Premawardhena et al 2004)



(a) Figure 8.4: b-Thalassemia trait prevalence in Sri Lanka, 2009-2010. (b) Hb E-b-thal trait prevalence in Sri Lanka, 2009-2010.

Source: (Anuja Premawardhena and H D Prabath Madushanka, 2022)

The government has implemented various health programs aimed at improving maternal and child health, controlling communicable diseases, and addressing the growing burden of NCDs. Overall, Sri Lanka has made commendable progress in healthcare, nutrition, and disease management, but ongoing efforts are needed to address persistent challenges and emerging health threats.

9.10 The human-elephant conflict in Sri Lanka

Over 50 countries worldwide have wild elephants, primarily in Africa, with 13 in Asia. Asia has 51,000-66,000 elephants, but only 35,000-50,000 live in their natural habitats. Sri Lanka has 10% of Asian elephants, accounting for 2% of the global range (Wijesekera et al., 2021).

Sri Lanka has about 5,787 elephants, including 1,107 calves and 122 tuskers, according to the 2011 elephant census. Sri Lanka has the second-largest population of wild elephants in South Asia, with less than 10% of its subspecies being tuskers due to selective hunting and poaching for ivory (Wikramanayake 2022). According to Perera and Tateishi (2012), Sri Lanka had a density of 0.088 per km2 in 2008. Although wild elephants used to be widespread across the country, they are now limited to the dry zone lowlands of Northern, Eastern, North Western, North Central, Southern, and a portion of Uva Provinces, as seen in Figure.

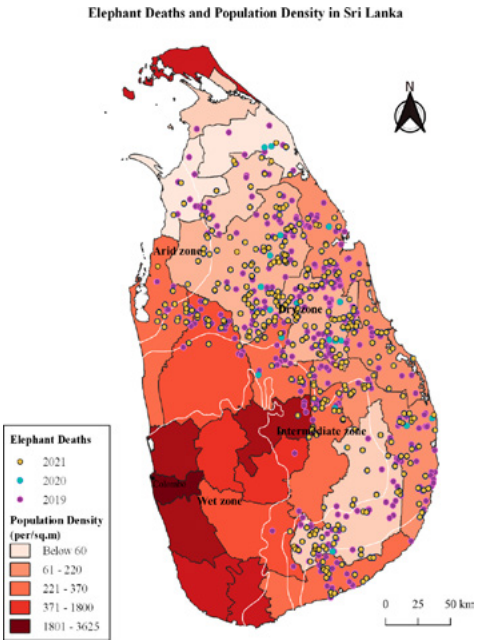


Figure 9.4 : Elephant deaths and Population denity in Sri Lanka

Sri Lanka population density in 2019 and distribution of elephant deaths between 2019 and 2021. (Central Bank of Sri Lanka, 2019, DWC).

Elephants can be found in major national parks like Udawalawe, Yala, and Wilpattu. Orphaned elephants are housed in Pinnawela Elephant Orphanage, established in 1975 to address Human Elephant Conflict (HEC). They are found in Sri Lanka's wet zone too, except in the Sinharaja Forest and Central Province sites. Problem elephants, often attacking human communities, cause damage to property, crops, and lives. These elephants are caught and sent to Horowpothana elephant-holding grounds. This holding ground is secure (Gunawansa et al 2023).

HEC is a significant conservation, socio-economic, and environmental issue in Sri Lanka. It poses a considerable threat to humans and elephants, leading to conflicts such as crop raiding, household damage, injuries, and human deaths. The intensity of HEC varies due to ecological and socioeconomic factors and is unavoidable in regions with a large elephant population due to intense competition for resources like food, water, and shelter.

Crop raiding negatively impacts human livelihoods by destroying crops and properties, and posing a threat to human safety. This conflict primarily occurs in villages near elephant habitats. People perceive elephants as agricultural pests, an unwelcome burden, and a threat to their survival. This negative perception undermines conservation efforts for elephant populations. African and Asian elephants are vulnerable to conflict due to their large size and frequent living near humans outside protected areas. But Sri Lankan elephants, spend the day in low-visibility habitats, only venturing out at night.

9.10.1 Causes and Consequences of Human-Elephant Conflict (HEC)

HEC(HEC) is a growing issue in Sri Lanka, affecting the coexistence of humans and elephants. The conflict has intensified due to changing agricultural practices and land use patterns, such as the Mattala airport, which has fragmented wild elephant habitats. The wild elephant population in Sri Lanka has increased to 7,000, and the country's rural population has also grown significantly due to natural population growth and advancements in the country's free healthcare system. The conflict has led to a nearly doubled national and rural population growth over the last six decades, highlighting the urgent need for sustainable development and conservation efforts.

Agriculture is the main source of income for rural communities in Sri Lanka, but land is being cleared for permanent food production. As the population grows, local communities are settling near protected areas. Traditional

farming practices allow for a harmonious relationship between humans and elephants, but new agricultural activities have emerged to increase yield per hectare, reducing the potential for coexistence.

Human activities have led to the expansion of human settlements, such as the Mahaweli Development Project, which focuses on human settlement, hydroelectricity generation, and farmland irrigation. This has resulted in population increase and land-cover transformations in northeast Sri Lanka's dry zone. Human settlements are concentrated around permanent water sources, facilitating agricultural expansion, which has led to a decrease in elephant populations and habitat connectivity. As elephants' habitats shrink, they are forced into close contact with humans, resulting in conflict over space and resources. Farmers have become incompatible neighbors in many Sri Lankan elephant range areas, making it difficult for these populations to coexist peacefully in areas where agriculture is the predominant land use.

Sri Lanka's forest cover decreased from 24.8% in 1992 to 21.0% in 2019, causing biodiversity decline and resource scarcity. This has led to wildlife habitat fragmentation, causing conflicts between humans and wildlife. Elephants, for example, face threats from human development and agriculture, leading to habitat fragmentation and conflict. During droughts, elephants may gather around water tanks, and the degradation of natural habitat resources may cause them to disperse into new areas, escalating conflicts.

9.10.2 Current Status of Human Elephant Conflict

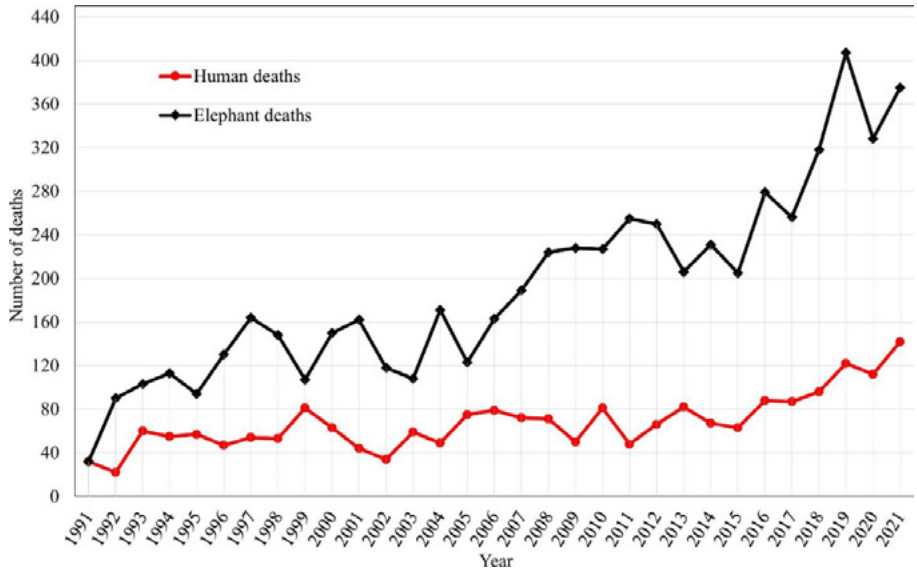


Figure 8.5: No of deaths due to Human Elephant Conflict
Source: Human and elephant deaths in Sri Lanka from 1991 to 2021 (DWC)

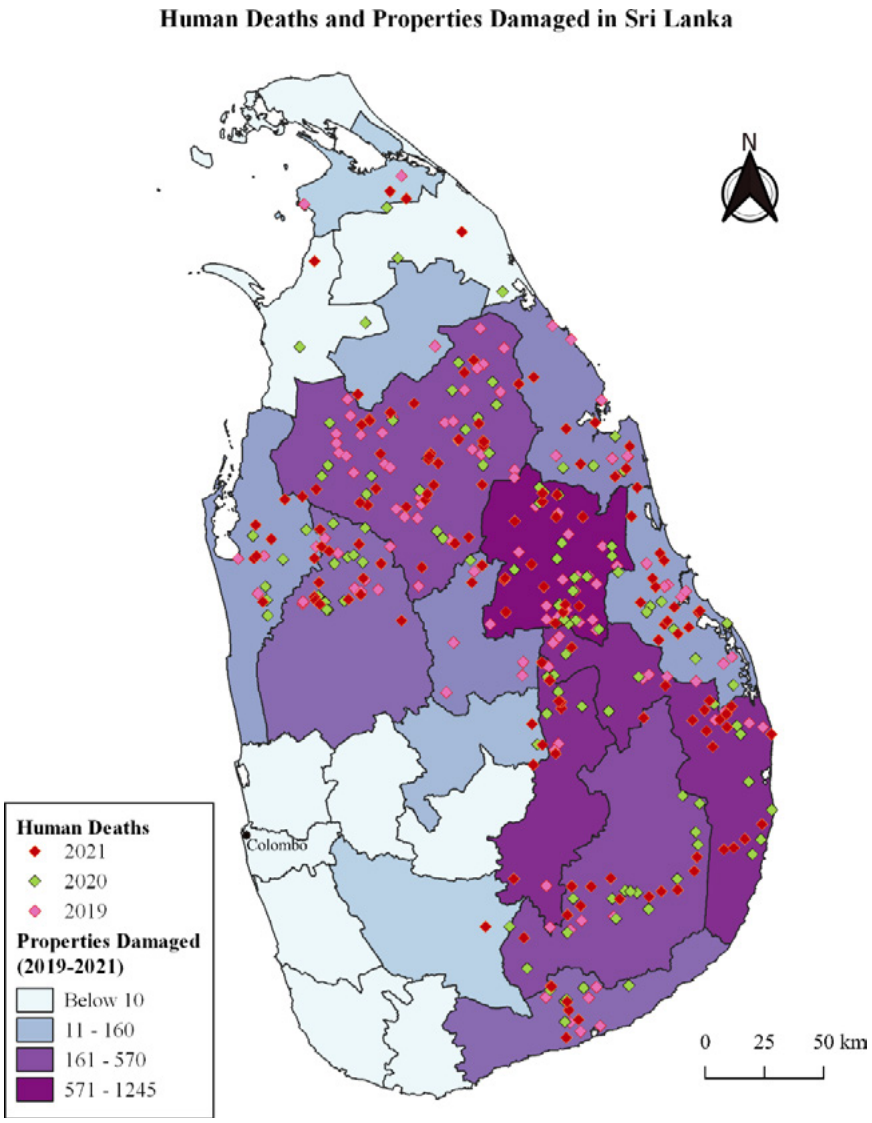


Figure 9.6 : Human deaths and Property damages in Sri Lanka due to Human Elephant conflict

HEC is a significant issue in Sri Lanka, with over 59.9% of the country's elephants being restricted to the lowland dry zone. This problem is expected to worsen in the future, as the majority of elephants' range is in areas where people live. Crop raiding is a major cause of human injuries, deaths, crop depredation, property damage, and elephant injuries.

Elephants are being squeezed into smaller areas of their natural habitat, surrounded by crops they prefer to eat.

Farmers face the risk of losing their livelihoods in one night due to crop raiding. Small-scale agriculture is the main economic activity in rural Sri Lanka, with bananas, coconut, sugarcane, and seasonal crops being cultivated during the rainy season. Elephants also damage crops cultivated in home gardens, which can be dangerous for farmers.

The slash-and-burn farming system or "chena" is influenced by elephants, who influence chena cultivation. Most human-elephant conflict incidents are caused by small groups of elephants, usually one to three. Damage to houses is determined by proximity to elephant corridors, construction conditions, dryness in elephant habitat regions, grain storage, and crops grown in home gardens.

People attempt retaliatory attacks on elephants, including explosives, poisoned foods, and gunfire. In 2021, 69 elephants were killed by hakkapatas, while in 2020, 66 were killed by electrocution, 46 by gunfire, and two by poisoning. An average of 200 animals are intentionally killed annually, with 70 to 80 human casualties.

Since 1991, the number of human and elephant deaths in Sri Lanka has consistently been higher, with a sharp increase in recent years, primarily due to human-elephant conflict.

The annual human death rate due to HEC has increased by 42% over the past three decades, reaching 142 in 2021. Despite fluctuations, the number of HEC-caused human deaths has exceeded 100 per year. Human deaths are more concentrated in wildlife regions, while elephant deaths are spread throughout the affected HEC region. Most human casualties are male.

Property damage has increased significantly from 2011 to 2021, with a peak of 2,195 incidents in 2020, and 27,344 cases reported between 1991 and 2021 with the worst incidents occurring in Polonnaruwa, Ampara, Badulla, Monaragala, Anuradhapura, and Kurunegala (Figure).

Human Elephant Conflict, or Human-Ecosystem Conflict, can be classified as direct or indirect. Direct HEC impacts rural communities physically and economically, while indirect HEC has a broad social impact on people and society. Elephants cause direct economic damage in agricultural areas, causing crop destruction, loss of life, injury, livestock, and property damage. Farmers in elephant-affected areas in Sri Lanka lose over USD 200 annually due to crop

damage. Indirect impacts include fear of attack, disruption of livelihoods, and loss of resources due to uncompensated activities like guarding crops. The opportunity cost of different conflict management approaches can be calculated as the income forgone due to farming households' commitment to dealing with elephant threats. The DWC spends funds annually for HEC mitigation activities, such as electric fence construction and compensation for human deaths and property damage.

9.10.3 Strategies to prevent or mitigate the threat

Implementing HEC mitigation measures is crucial for conservation efforts and promoting coexistence between people and elephants. These measures may include improved attitudes towards wildlife, reduced crop losses, and reduced elephant mortality. Techniques include shooting, firecrackers, lightning flashes, acoustic deterrents, light-based devices, agriculture-based deterrents, electric fences, bee colonies, protected areas, and elephant corridors. However, fragmented wildlife habitats, such as the land belt connecting Mattala Airport and Malala Ara, have led to the formation of new corridors. Sri Lanka's Road Development Authority has also designed elevated bridges and artificial corridors to protect elephants.

I feel it would be appropriate to mention about the challenges faced by the health system due to brain drain which significantly increased during the past few years as well. Some areas you may consider incorporating

- Aging population
- Very high burden of NCD and challenges in management
- Economic crisis and availability of drugs at institutional level
- Mental health needs including drug abuse and suicides

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CHAPTER X

Education

10.1 School Education

Education plays a crucial role in shaping a country's long-term economic, technological, and social prospects by enhancing productivity, innovation, and competitiveness. As per the annual school census 2022, there are 10,126 government schools, 822 Pirivenas, 31 special schools, and also 95 private schools in Sri Lanka.

Government schools in Sri Lanka are funded and managed by the government. They provide free education to students from primary through secondary levels. The curriculum and administration are overseen by the Ministry of Education. Special schools in Sri Lanka are educational institutions designed to cater to students with special educational needs. These schools provide tailored educational programs and resources for children with disabilities, including physical, intellectual, sensory, and learning disabilities. Special schools aim to provide an inclusive education environment that addresses the unique needs of each student, ensuring they receive appropriate support and opportunities for development. The government is the main body responsible for funding and overseeing special education. It allocates budgets for special schools, including teacher salaries, infrastructure, resources, and specialized training programs. In addition to that Ministry of Social Services provides additional support and funding for special education programs, particularly for services related to disability support and rehabilitation. Piriven are monastic colleges in Sri Lanka that primarily provide education to Buddhist monks. These schools focus on religious studies, including Pali and Buddhist teachings, but these have been the centers of secondary and higher education in ancient times for lay people as well also offer secular subjects. They are managed by Buddhist temples and funded by the Ministry of Education. Private schools in Sri Lanka are independently funded and managed institutions. They charge tuition fees and may follow either the national curriculum or international curricula such as the British, American, or International Baccalaureate (IB). These schools often offer enhanced facilities and extracurricular activities.

The following table provides statistics on the distribution of schools, students, and teachers across different types of educational institutions in 2022. Government schools constitute the vast majority of schools (91.4%) and cater to the majority of students (95.0%). They also employ the majority of teachers (94.0%). Private schools represent a small fraction of the total schools (0.9%) and cater to a small proportion of students (3.3%).

They employ a relatively small percentage of teachers (3.0%). Piriven schools have a moderate presence, particularly in the context of religious and monastic education. They serve a small percentage of the student population and have a corresponding allocation of teachers. Special schools cater to a very small proportion of the student population, reflecting their specialized nature. They have a minimal presence in terms of the number of schools and teachers, which is expected given their focus on students with special needs.

Table 10. 1 Basic Statistics of Schools -2022 and Students:

	No of schools	No of students	No of teachers	Percent. of schools	Percent. of students	Percent. of teachers
Government Schools	10,126	3,969,597	236,738	91.4%	95.0%	94.0%
Private Schools	95	139,412	7,551	0.9%	3.3%	3.0%
Special Schools	31	2,307	489	0.3%	0.1%	0.2%
Piriven (Temple Schools)	822	69,134	7,016	7.4%	1.7%	2.8%
Total Schools	11,074	4,180,450	251,794	100.0%	100.0%	100.0%

Source: Annual School Census of Sri Lank- 2022

The following table provides a comparative analysis of the average number of students and teachers per school, as well as the student-to-teacher ratio across various types of schools, including government schools, private schools, special schools, and Piriven

Table 10.2 Comparison of Student and Teacher Distribution Across Different Types of Schools in 2022.

	No of Students per school	No of teachers per school	No of students per teacher
Government Schools	392	23.4	16.8
Private Schools	1,467.50	79.5	18.5
Special Schools	74.4	15.8	4.7
Piriven (Temple Schools)	84.1	8.5	9.9
Total Schools	377.5	22.7	16.6

Source: Annual School Census of Sri Lank- 2022

According to the above table, the student-to-teacher ratio is 16.8:1, meaning each teacher is responsible for approximately 17 students; with a moderate number of students per school and a balanced student-to-teacher ratio, government schools manage a large portion of the student population with a fair allocation of teaching resources.

Private schools cater to a larger number of students per school and have more teachers per school, indicating larger institutions with potentially more resources. The higher student-to-teacher ratio suggests a slightly heavier workload for teachers. Special schools have the smallest number of students per school and the lowest student-to-teacher ratio, emphasizing specialized, intensive support for students with special needs.

However, the differences between different types of schools represent more focused methods to meeting individual educational requirements and settings, guaranteeing adequate resource allocation.

Table 10.2 Basic Statistics of Government Schools -2022

	No of schools	Percentage
All Government Schools	10,126	
National Schools	396	4%
Provincial Schools	9,730	96%
Type of School		
1AB Schools	1,008	10%
1C Schools	1,951	19%
Type 2 Schools	3,221	32%
Type 3 Schools	3,946	39%
School by Gender of the School		
Boys Schools	147	1%
Girls Schools	239	2%
Mixed Schools	9,740	96%
Schools by Language medium/s of Instruction		
Sinhala Medium Only	6,290	62%
Tamil Medium Only	3,032	30%
Sinhala and Tamil Mediums	39	0.4%
Sinhala and Bilingual(S/E) Mediums	563	6%
Tamil and Bilingual(T/E) Mediums	168	2%
Trilingual (Sinhala, Tamil and Bilingual (S/E &/or T/E)) Mediums	34	0.3%

School by Functional Grade Span		
Grade 1-5	3,883	38%
Grade 1-8	63	0.6%
Grade 1-11	3,202	32%
Grade 1-13	1,986	20%
Grade 6-11	19	0.2%
Grade 6-13	973	10%

Source: Annual School Census of Sri Lank- 2022

The above table provides an overview of the distribution and characteristics of government schools in Sri Lanka. National schools come under the direct control of the Ministry of Education and therefore have direct funding from the ministry. Most of these schools were established during the colonial period. These few are referred to as famous schools or elite schools since they have a rich history and better maintained facilities than the average public school. Provincial Schools consists of the vast majority of schools in Sri Lanka, out of 10,126 schools, 96% are provincial, and they are being funded and controlled by the local governments.

Schools have been classified as follows which helps in understanding the educational structure and resource allocation within the Sri Lankan school system, ensuring that students across different regions and capabilities have access to appropriate levels of education.

10.1.1 Types of Schools

1AB Schools: Comprehensive education up to General Certificate (Advance Level) in all streams (Arts, Commerce, Science).

1C Schools: Education up to General Certificate (Advance Level) in other than Science stream.

Type 2 Schools: Education up to General Certificate (Ordinary Level), (Grade 11).

Type 3 Schools: Primary education, sometimes extending to Grade 5 or Grade 8.

The majority of these schools are Type 3 (39%) and Type 2 (32%), which primarily offer primary education.

terms of gender, mixed schools are overwhelmingly predominant at 96%, promoting co-education, while single-gender schools are rare. Language-wise, 62% of schools teach exclusively in Sinhala and 30% in Tamil, with a small percentage offering bilingual or trilingual instruction.

The functional grade span reveals that 38% of schools cater to grades 1-5, emphasizing primary education, while significant portions also cover up to grades 11 (32%) and 13 (20%), ensuring comprehensive educational coverage. This data highlights the diversity and structure of the Sri Lankan government school system, focusing on accessibility and regional distribution of educational resources.

10.1.2 Basic Statistics of Government Schools

The following table provides detailed statistics on government school students in Sri Lanka for the year 2022. The total student population stands at 3,969,597, evenly split between male and female students at 50% each. National schools educate 21% of these students, while the majority, 79%, are enrolled in provincial schools.

By type, 1AB schools accommodate the largest segment (40%), followed by 1C schools (26%), Type 2 schools (18%), and Type 3 schools (16%). Regarding the medium of instruction, a significant majority (73%) study in Sinhala, 24% in Tamil, and a small portion (3%) in bilingual mediums. Examining the distribution by grade cycle, 39% are in the primary cycle (grades 1-5), 33% in the junior secondary cycle (grades 6-9), 17% in the senior secondary O/L cycle (grades 10-11), and 11% in the senior secondary A/L cycle (grades 12-13). Additionally, special education units cater to 0.2% of the students. This data from the Annual School Census of Sri Lanka 2022 highlights the demographic and educational diversity within the government school system.

Table 10.3 Basic Statistics of Government School Students -2022

	No of Students	Percentage
All Students	**3,969,597**	
Male Students	1,969,836	50%
Female Students	1,999,761	50%

National Schools	834,586	21%
Provincial Schools	3,135,011	79%
Students by Type of School		
1AB Schools	1,575,538	40%
1C Schools	1,043,744	26%
Type 2 Schools	716,221	18%
Type 3 Schools	634,094	16%
Students by Language medium/s study		
Sinhala Medium	2,900,802	73%
Tamil Medium	955,060	24%
Bilingual (S/E and T/E) Medium	113,735	3%
Students by Grade Cycle of Studying		
Primary Cycle (Grd 1-5)	1,567,689	39%
Junior Secondary Cycle (Grd 6-9)	1,318,284	33%
Senior Secondary O/L Cycle (Grd 10-11)	655,729	17%
Senior Secondary A/L Cycle (Grd 12-13)	420,577	11%
Special Education Units	7,318	0.2%

Source: Annual School Census of Sri Lank- 2022

The following table provides data on Grade 1 admissions in Sri Lankan government schools for the year 2022, with a total of 292,517 students enrolled. The gender distribution is nearly equal, with male students accounting for 51% (148,559) and female students 49% (143,958). Admissions are predominantly in provincial schools (91%), compared to 9% in national schools. Regarding the medium of instruction, the majority of students (74%) are enrolled in Sinhala medium schools, 26% in Tamil medium schools, and a very small fraction (0.1%) in bilingual programs. Examining the distribution by type of school, 1AB schools account for 16% of Grade 1 admissions, 1C schools for 22%, Type 2 schools for 21%, and the largest share is in Type 3 schools, with 41%. This data from the Annual School Census of Sri Lanka 2022 highlights the significant role of provincial and Type 3 schools in accommodating the majority of new Grade 1 students, reflecting the emphasis on early childhood education across various regions.

Table 10.4 Grade 1 Admissions- Government Schools-2022

	No of Students	Percentage
Grade 1 Admissions	**292,517**	
Male Students	148,559	51%
Female Students	143,958	49%
National Schools	27,057	9%
Provincial Schools	265,460	91%
Sinhala Medium	216,036	74%
Tamil Medium	76,307	26%
Bilingual	174	0.1%
Grade 1 Admissions by Type of School		
1AB Schools	46,824	16%
1C Schools	65,465	22%
Type 2 Schools	60,329	21%
Type 3 Schools	119,899	41%

Source: Annual School Census of Sri Lank- 2022

The following table presents data on government school teachers in Sri Lanka for 2022, with a total of 236,738 teachers. The teaching workforce is predominantly female, with 76% (179,921) female teachers compared to 24% (56,817) male teachers. Regarding qualifications, 43% are graduate trained teachers, 16% are graduate teachers, 39% are trained teachers, and a small portion (2%) are untrained, with 0.2% categorized as other teachers. In terms of school type, 1AB schools employ 34% of the teachers, followed by 1C schools with 27%, Type 2 schools with 24%, and Type 3 schools with 15%.

Table 10.5 Basic Statistics of Government School Teachers -2022

	No of teachers	Percentage
All Teachers	236,738	
Male Teachers	56,817	24%
Female Teachers	179,921	76%
Graduate Trained Teachers	101,603	43%
Graduate Teachers	36,736	16%
Trained Teachers	93,302	39%
Untrained Teachers	4,731	2%
Other Teachers	366	0.2%

Teachers by Type of School		
1AB Schools	80,186	34%
1C Schools	63,921	27%
Type 2 Schools	57,509	24%
Type 3 Schools	35,122	15%

Source: Annual School Census of Sri Lank- 2022

Graduate Trained teachers - Teachers/ Principals who have basic degree or above as highest education qualification and have obtain professional qualifications such as BEd or higher degree or NCOE Diploma or Teacher training certificate or diploma or above qualification for appointment/ teaching subject

Graduate teachers - Teachers/ Principals who have basic degree or above as highest education qualification but no any professional qualifications as mentioned above Trained teachers - Teachers/ Principals who do not have basic degree or above as highest education qualification but have obtain above professional qualifications Untrained teachers - Teachers who do not have either basic degree or above as education qualification or any professional qualifications mentioned above but belongs to SLTS

Other teachers - Teachers who do not have categorized above any category

Table 10.6 Summary Statistics of Schools by Districts-2022

District	No. of Schools			No. of Students				No. of Teachers			
	Total	National	Provincial	Total	National	% of Students in National Schools	Provincial	Total	National	% of Teachers in National Schools	Provincial
Western Province	**1,348**	**79**	**1,269**	**885,361**	**226,657**	**76**	**658,704**	**44,206**	**10,585**	**70**	**33,621**
Colombo	396	39	357	339,846	123,067	36	216,779	16,971	5,653	33	11,318
Gampaha	535	20	515	329,369	53,783	16	275,586	16,164	2,641	16	13,523
Kalutara	417	20	397	216,146	49,807	23	166,339	11,071	2,291	21	8,780
Central Province	**1,511**	**56**	**1,455**	**525,441**	**90,931**	**50**	**434,510**	**33,214**	**5,052**	**44**	**28,162**
Kandy	650	36	614	269,613	58,818	22	210,795	16,946	3,267	19	13,679
Matale	312	12	300	101,906	22,870	22	79,036	6,356	1,206	19	5,150
Nuwara Eliya	549	8	541	153,922	9,243	6	144,679	9,912	579	6	9,333
Southern Province	**1,105**	**70**	**1,035**	**510,743**	**160,395**	**92**	**350,348**	**28,920**	**7,221**	**73**	**21,699**
Galle	427	30	397	212,001	75,792	36	136,209	11,409	3,319	29	8,090
Matara	358	23	335	159,505	50,731	32	108,774	9,740	2,458	25	7,282
Hambantota	320	17	303	139,237	33,872	24	105,365	7,771	1,444	19	6,327
Nothern Province	**980**	**24**	**956**	**212,288**	**31,149**	**74**	**181,139**	**18,142**	**2,083**	**61**	**16,059**

Jaffna	447	8	439	97,238	13,663	14	83,575	8,970	893	10	8,077
Mannar	131	5	126	25,844	5,392	21	20,452	2,238	392	18	1,846
Vavuniya	171	5	166	34,934	6,826	20	28,108	2,824	437	16	2,387
Mullaitivu	127	3	124	25,600	2,265	9	23,335	2,132	177	8	1,955
Kilinochchi	104	3	101	28,672	3,003	11	25,669	1,978	184	9	1,794
Eastern Province	**1,123**	**42**	**1,081**	**373,043**	**68,965**	**56**	**304,078**	**22,873**	**3,885**	**51**	**18,988**
Batticaloa	365	13	352	119,336	20,671	17	98,665	7,111	1,172	17	5,939
Ampara	443	17	426	158,888	30,110	19	128,778	10,249	1,789	18	8,460
Trincomalee	315	12	303	94,819	18,184	19	76,635	5,513	924	17	4,589
North Western Province	**1,243**	**39**	**1,204**	**495,030**	**85,070**	**31**	**409,960**	**28,366**	**4,383**	**28**	**23,983**
Kurunegala	871	31	840	333,181	66,701	20	266,480	19,664	3,479	18	16,185
Puttalam	372	8	364	161,849	18,369	11	143,480	8,702	904	10	7,798
North Central Province	**811**	**17**	**794**	**299,339**	**41,008**	**32**	**258,331**	**16,222**	**1,789**	**26**	**14,433**
Anuradhapura	559	8	551	207,255	21,624	10	185,631	11,569	949	8	10,620
Polonnaruwa	252	9	243	92,084	19,384	21	72,700	4,653	840	18	3,813
Uva Province	**895**	**38**	**857**	**287,552**	**53,354**	**37**	**234,198**	**19,667**	**3,214**	**32**	**16,453**
Badulla	604	27	577	176,219	33,034	19	143,185	13,267	2,218	17	11,049
Moneragala	291	11	280	111,333	20,320	18	91,013	6,400	996	16	5,404
Sabaragamuwa Province	**1,110**	**31**	**1,079**	**380,800**	**77,057**	**42**	**303,743**	**25,128**	**3,984**	**32**	**21,144**
Ratnapura	594	16	578	221,028	38,408	17	182,620	13,299	1,868	14	11,431
Kegalle	516	15	501	159,772	38,649	24	121,123	11,829	2,116	18	9,713
Total	**10,126**	**396**	**9,730**	**3,969,597**	**834,586**	**21**	**3,135,011**	**236,738**	**42,196**	**18**	**194,542**

The above table provides an overview of the distribution of schools, students, and teachers across different districts and provinces in Sri Lanka for the year 2022, distinguishing between national and provincial categories. The Western Province, encompassing Colombo, Gampaha, and Kalutara, stands out with the highest number of schools (1,348) and students (885,361), and a significant proportion of teachers (44,206). Colombo district alone has 396 schools, with 39 being national, housing 339,846 students, of which 36% are in national schools, supported by 16,971 teachers, 33% of whom are in national schools. Gampaha and Kalutara also show substantial student populations and teaching staff, highlighting the concentration of educational resources in this region.

In contrast, the Northern Province, which includes districts like Jaffna and Vavuniya, has a total of 980 schools, predominantly provincial, serving 212,288 students, with a notable 74% of students attending national schools. This province has a smaller teaching force of 18,142 teachers, yet 61% are in national schools, indicating a higher dependency on national educational resources. Similarly, the Eastern Province, with 1,123 schools and 373,043 students, shows that 56% of students are in national schools, managed by 22,873 teachers. Other provinces like the Central, Southern, and North Western Provinces exhibit variations in the number of schools and student-teacher ratios, reflecting regional disparities in educational infrastructure and resource allocation across Sri Lanka.

The table reveals significant regional disparities in the distribution of educational resources in Sri Lanka, with marked differences in student-to-teacher and school-to-student ratios. The Western Province, for instance, has a relatively high student-to-teacher ratio of 20:1, while the Northern Province shows a much lower ratio of 12:1, indicating better teacher availability per student. National schools, though fewer in number (396 out of 10,126 total schools), serve 21% of the total student population, reflecting their role in accommodating a significant portion of students with a more favorable teacher allocation. In districts like Colombo, 33% of teachers work in national schools despite these schools enrolling only 36% of students, suggesting a more concentrated teaching workforce. Conversely, provinces such as Uva and North Central show higher student-to-teacher ratios of around 15:1 and 18:1 respectively, illustrating a potential strain on educational resources. This ratio-based analysis underscores the uneven distribution of educational facilities and highlights the need for targeted policy interventions to ensure equitable resource allocation across districts and provinces.

10.2 Higher Education

Higher education in Sri Lanka is characterized by a blend of state universities, private institutions, and professional education bodies. The country has made significant strides in expanding access to higher education, improving quality, and fostering research and innovation. However, it still faces challenges related to funding, infrastructure etc. There are 17 State universities primarily funded by the government, which often leads to budget constraints affecting infrastructure, research facilities, and academic programs. Admission to state universities is highly competitive due to limited seats, leading many students to seek higher education abroad or in private institutions.

here are around 12 postgraduate institutes, including the Postgraduate Institute of Archaeology, Postgraduate Institute of Medicine, etc. Postgraduate education is not funded by the State so no postgraduate teacher or student is being funded. The private sector students who do postgraduate degrees under these universities have to pay for their tuition.

However, there has been a significant increase in private higher education institutions to cater to the growing demand. These institutions offer diverse programs, including international degrees through partnerships with foreign universities.

Sri Lanka emphasizes technical and vocational education to address skill gaps in the labor market. Institutions like the Sri Lanka Institute of Advanced Technological Education (SLIATE) provide diploma and certificate programs. These programs are designed to enhance employability, with a focus on practical skills and industry linkages.

Higher education in Sri Lanka is evolving, with efforts to expand access and improve quality. However, challenges related to funding, infrastructure, and equitable access need to be addressed to fully realize the sector's potential. Continued reforms, investment in research, and international collaboration are crucial for advancing higher education in Sri Lanka.

CHAPTER XI

Environmental Sustainability

11.1 Sri Lankas's Natural Resources

Sri Lanka's natural resources include significant mineral deposits such as graphite and gemstones, which are major exports. The country's water resources, including rivers and lakes, support agriculture, hydropower (which generates about 40% of electricity), and fisheries. Sri Lanka also boasts diverse ecosystems, with 20% of its land covered by forests, and its fertile soils sustain various crops. Tourism is bolstered by the island's 1,340 km of coastline and rich wildlife. The growing use of renewable energy sources like hydropower, solar, and wind is crucial for future sustainability. Sri Lanka's natural resource management encompasses various aspects, including land, water, forests, minerals, and biodiversity.

11.2 Land and Land Use

Land scarcity is increasing, especially for land used for biomass production or conservation-related purposes. The competition for land among various uses is intensifying, leading to more frequent and complex conflicts.

Land is a crucial resource for the built environment, and its availability in the right location and at the right time is essential for development. Therefore the policies and procedures for the management of Land resources should be clear and transparent to gain the confidence of the general public, developers, and investors. Ambiguous policies and procedures are always detrimental to sustainable economic, social, and ecological development.

There are several legislative enactments regarding the management of land and those statues represent contradictory and varying degree of interest. Instead of the Constitutional provisions, there exist more than 40 major pieces of implementing legislations on land management. In the process of implementation of these laws, the administrators as well as the people suffer injustice. The multiplicity of land related laws should be revisited and a comprehensive law to deal with all aspects of lands should be introduced.

Furthermore, the State lands management in Sri Lanka has become ambiguous and uncertain as with the transformation of the agricultural and the plantation

economy into an open competitive economy beginning in the 80s, the State lands management should also be transformed simultaneously. However, lack of such transformation has led to problems in land management. In addition to the above, the administrative structures established by the statutory enactments introduced in the colonial era are not compatible with current scenario, though periodic amendments and replacement have made, it has become difficult to manage the land in an effective and integrated manner.

Overall, land is perhaps, the most essential pillar of human existence and national development and usually a political issue with a potential to be volatile. In this regard, its control, management and use, continues to be a critical factor in development agendas in Sri Lanka.

S/No	Description	Extent (Hectare)	Percentage (%)
1	Build up Lands	85,094	1.3
2	Homestead / Home Garden	1,192,925	18.2
3	Agricultural Land	2,147,149	32.7
4	Forest and Wildlife	1,912,970	29.2
5	Wetlands (marsh, swamp, mangrove, villu)	85,443	1.3
6	Water body	374,553	5.7
7	Other Lands (Scrub, Grassland, Rocks, Sandy Area, Bare Land)	762,866	11.6
	Total Land Area	6,561,000	100

Source: 2018 Land Use Survey – Department of Land Use Policy Planning

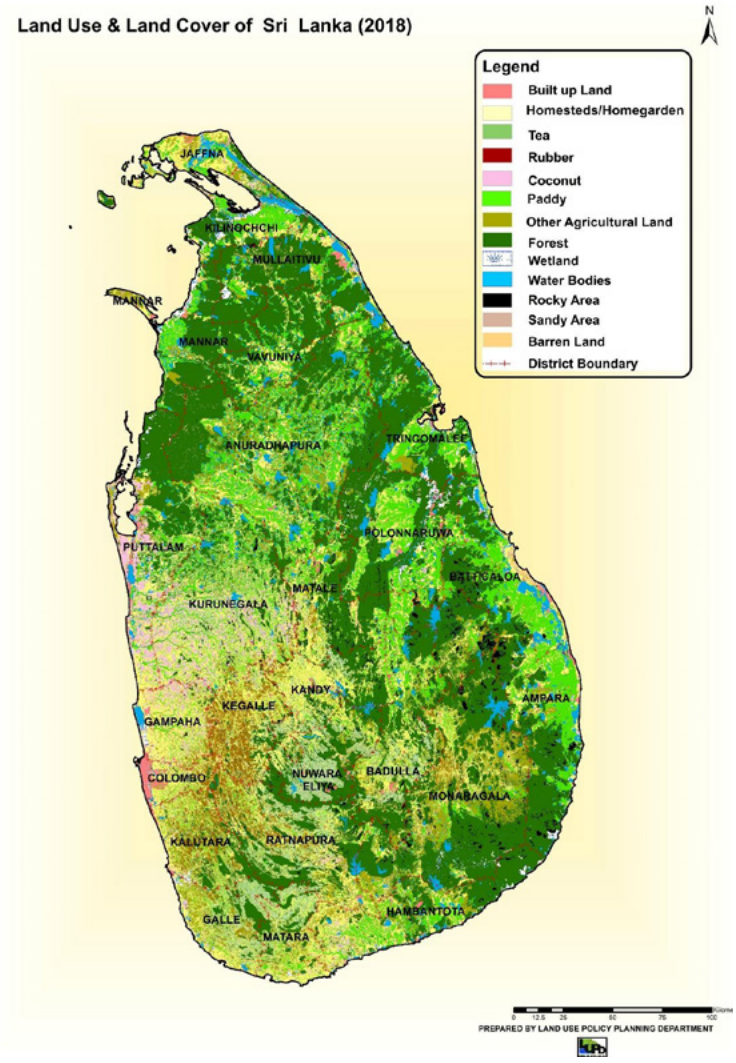

Figure 11.1: Land use and land cover in Sri Lanka

11.2.1 Land Ownership and Land Use Patterns in Sri Lanka

The total land area of Sri Lanka is 65,610 square kilometers (6,561,000 Hectares) including water area of around 374,553 hectares and the coverage of forest 1,912,970 Hectares. As a diminishing resource, the per capita extent of land at the beginning of the 20th century was approximately 10.53 Hectares which only accounts for 0.29 Hectares today. Only 18% of this land area is privately owned and the balance, 82%, belongs to the State. However, there is a considerable extent of state lands which are either unused or underutilized. Such identified lands shall be reallocated

for agricultural and investment purposes through a national level special officials committee comprising Land Commissioner General, Surveyor General, Director General of Department of Land Use Policy Planning and representatives from the General Treasury.

The Table 11.2 illustrates the extent of lands either being unused or underutilized.

Table 11.2 Land Availability by District

S.No.	District	Land Extent (Hectare)
1	Colombo	586.87
2	Gampaha	26.85
3	Kaluthara	211.17
4	Galle	8,775.99
5	Matara	1.62
6	Hambantota	930.6
7	Badulla	486.43
8	Monaragala	1,362.90
9	Kandy	650
10	NuwaraEliya	0.8
11	Matale	1,597.70
12	Anuradhapura	53,367.92
13	Polonnaruwa	171.64
14	Jaffna	2,667.06
15	Mannar	6.07
16	Vaunia	1,255.33
17	Mullative	2,520.00
18	Kilinochchi	9,682.00
19	Kurunegala	1,837.35
20	Puttalam	232.87
21	Rathnapura	35.65
22	Kegalle	6,052.42
23	Ampara	4,018.85
24	Batticloa	103.27
25	Trincomalee	7,209.01
Total	103,790.94	

Source: Land Commissioner General

11.3 Water resources

The tank-based irrigation system in Sri Lanka, initiated in the 4th/3rd century BCE, was abandoned in the 13th century CE. It was reused under the British colonial government in the 19th century CE. Over time, large and small-scale tanks were developed, with a centralized bureaucratic administration in the later Middle Historic Period. Local communities sustain their small village tanks, making them less vulnerable to changing political and socio-economic conditions (Freie Universität Berlin, n.d.)

Sri Lanka's radial network of rivers originates in the middle highlands. There are around 103 separate river basins that encompass 90 percent of the entire country. The southwest section of the island contains seven large basins with catchment sizes varying from 620 to 2,700 km². Kelani Ganga (2,292km²), Kalu Ganga (2,719km²), Maha oya (1,528km²), Attanagalla oya (736km²), Gin Ganga (932km²), Nilwala Ganga (971km²), and Bentota Ganga (629km²). The greatest basin, the 335km-long Mahaweli River, with a catchment area of 10,448km², deviates from the radial pattern ("Water Action Hub | Country: Sri Lanka") .

Only 17 of Sri Lanka's 103 river basins are larger than 1,000 km². Four basins, including the Mahaweli, exceed 2,500km² in size. Three of them (Deduru oya, Kala oya, and Malwatu oya) have the whole catchment area in the dry zone. Only Kalu Ganga is in the wet zone. Sri Lanka's total runoff is estimated to be 49.2 km3 per year. Groundwater resources have been extensively exploited for household purposes from ancient times, with shallow open wells found in practically every section of the nation. Sri Lanka's greatest aquifer spans about 200 kilometers along the northwestern and northern coasts. There are around 15,000 tube wells throughout the nation.

The quality of groundwater is typically good and consistent throughout the year. However, high quantities of iron and nitrates have been recorded in some areas (e.g. Northern and northwest coastal areas) as a result of agrochemicals and fertilizers. Furthermore, brackish water intrusion into coastal regions has occurred as a result of unregulated groundwater abstraction for home and agricultural applications. In 1985, projected internal renewable groundwater resources were 7.8km3, with the majority (about 7km3/yr) returning to river systems and being included in surface

water resource estimates. In 1991, the country's entire internal renewable water resources were estimated to be 50km^3/year.

Economic expansion, population growth, and rising demand for food production, electricity, and proper water and sanitation services, etc. exert strain on water supplies. Water demand has outstripped availability, especially in the country's arid zone, where the majority of irrigation facilities are located. In 1996, Sri Lanka's total dam capacity was 5.942 km3. Dams in Sri Lanka are classified based on the materials they employ. They are mostly earthen, rockfill, or concrete dams. The most prevalent kind is earthen dams, with the longest being the Parakrama Samudraya Dam, which is 13.5 kilometers long and has a storage capacity of 0.12 km3. The highest in this category is the Senanayake Samudraya Dam, which stands 44 meters tall and has a storage capacity of 0.95 km3.

11.4 Mineral Resources

Sri Lanka has a diverse range of ages of its formation of bedrock, ranging from the oldest, Pre-Cambrian high grade metamorphic rock (4.6 Billion Years - 541Million Years), to the youngest, Cenozoic (66 Million Years to Present). The three major lithotectonic geological units of Precambrian metamorphic terrain defined in Sri Lanka (Highland Complex, Wanni Complex and Vijayan Complex), were formed under different metamorphic conditions, along with different elements, which therefore give rise to development of different minerals.

Minerals mined in Sri Lanka includes;

- Graphite,
- Gem minerals,
- Mineral Sands (Ilmenite, Rutile, Zircon, Monazite, Sillimanite, Garnet, Leucoxene),
- Vein Quartz,
- Feldspar,
- Clay minerals,
- Apatite (Phosphate Rock),
- Silica Sand,
- Mica,
- Limestone,
- Calcite,
- Dolomite etc.

Sri Lanka possesses an abundance of mainly non-metallic mineral resources. As revealed from mineral investigations conducted by the Geological Survey and Mines Bureau, Sri Lanka's mineral resource base consists primarily of industrial minerals. Of these industrial minerals, heavy minerals (mainly ilmenite, rutile, zircon, garnet, monazite), graphite, vein quartz and phosphate are amongst the most abundant minerals with significant economic potential found in Sri Lanka.

11.4.1 Types of Minerals

Ceylon Graphite: Ceylon Graphite is known by several names including crystalline vein, Plumbago, Sri Lankan graphite, and Ceylon graphite, and the names "Sri Lankan" and "Ceylon" are commonly used for vein graphite as the island nation of Sri Lanka is the only region to produce this material in commercial quantities.

The vein graphite mined in Sri Lanka boasts such purity that it is graded extremely high with over 90% carbon and getting intrinsic value by origin, the global demand for vein graphite is projected to explode growing at rates around 30-40% annually.

Gemstone: Sri Lanka is one of the top gem-bearing countries in the world with the highest density of gems in the world and is a global sourcing destination for over 75 varieties of precious and semi-precious gemstones. A large majority of gem deposits found in Sri Lanka are sedimentary in nature. More than 90% of the island is made up of Precambrian metamorphic rock terrain. The origin of most precious gem minerals in Sri Lanka were mainly due to pegmatitic, Skarn or Metasomatic reactions. Over the past few million years, intense weather and rapid erosion have given rise to thick and extensive accumulations of sediments in the flood plains of rivers, lakes, and now in buried river channels in the highland complex. It is within sediment deposits where significant secondary-alluvial-gem deposits have been formed. Thus, in Sri Lanka it can be found both primary in-situ and secondary, mainly alluvium gem deposits. The most primary deposits are found in Highland Complex rock terrain and secondary deposits are disseminated all around the island by river system. Presently gem mining is mainly based on traditional knowledge and accidental discovery. There are no proper systems developed for exploration and mining of gems in Sri Lanka.

Large expanses of alluvial deposits have been extensively mined in mainly Ratnapura, Buttala, Hatton and Elahera gem fields in Sri Lanka, where a majority of coloured gemstones are found.

Mineral Sands: Mineral sand or what is known as 'Black gold' in popular parlance contains several valuable minerals. A best-known mineral sand deposit in Sri Lanka is situated at Pulmoddai to the north of Trincomalee and Verugal area in the east coast, and garnet rich deposits in Hambantota area. The major minerals found in this deposit are Ilmenite and Rutile. Other associated minerals are Zircon, Monazite, Garnet, Sillimanite, and a few other heavy minerals. The global average cutoff grade for heavy mineral sand mining is 5% and thus most of the coastal deposits around the island, over 5% of total heavy mineral content could be observed. Further red earth beds occurred in the northwest part of Sri Lanka (from Puttalam to north) are also comprised of over 5% heavy minerals, showing some economic potential for heavy mineral mining.

Pulmuddai deposit is the only commercially exploited mineral sands deposit in Sri Lanka while several other mineral sand deposits are available as beach mineral sand deposits. Some of them are located along the beach to north of Trincomalee (Nayaru & Nilaveli), Induruwa (Galle district) and along the Mannar beach (Kudiramalai). All these Ilmenite rich beach mineral sand deposits are not hard to identify thanks to their unique black colour, which has earned them the name 'black gold' too. Aside from these, garnet sand-rich mineral sand deposits are available in the Deep South coastal areas, that is, Dondra and Hambantota, which are not being commercially mined.

Ilmenite: Extracted from the mineral sand which is also popularly called 'black gold', Ilmenite is one of the major industrial minerals produced in Sri Lanka for export. The mineral content extracted from beach sand at Pulmoddai is as high as 72% and 70% out of which is Ilmenite.

Rutile: Rutile content in the same mineral sands is found to be around 8%. Zircon: Like Ilmenite and Rutile, Zircon too is produced from the same mineral sand where its composition is measured around 9%.

Garnet Sand: Garnet sand is yet another valuable mineral found in Sri Lanka.

It has a wide range of applications in the mineral industry, mainly as an abrasive. The demand for garnet sand has been steadily on the rise during the recent past. Industrial quality garnet can be recovered from beach sand deposits and crushing and processing of garnet rich rocks. Garnet sand-rich beach mineral sand deposits are available in the down South coastal areas, that are, Dondra and Hambantota, which are not being commercially mined.

Quartz: Vein quartz is yet another valuable mineral mined in Sri Lanka. The name vein quartz is derived from the fact that these quartz deposits are found in the form of a vein originating from igneous activities. Vein quartz deposits are of high purity (over 98% Silica) and are found in many areas of Sri Lanka. Galaha (Kandy), Rattota, Balangoda, Pelmadulla, Embilipitiya, Ratnapura, Kotigambokka off Wellawaya are some of the prominent vein quartz occurrences in Sri Lanka.

Feldspar: Feldspar is an aluminosilicate of potassium, sodium, and calcium, and occurs as a result of igneous activities as pegmatite, veins or dykes Feldspar deposits are found in many areas of Sri Lanka including Rattota, Namaloya, Koslanda, Balangoda, etc. In Orwell deposits in Rattota, feldspar occurs with other pegmatite minerals such as quartz, biotite (mica), and fluorite (calcium fluoride) as thick bands with clear boundaries. This deposit is found more than 600m below the surface.

Clay: Clay is not a primary mineral and is a product of weathering of primary minerals. Chemically, it's hydrated aluminum silicate. Clays, characterized by fine grain, become plastic when mixed with water. Clay deposits are found in two basic types, namely, (a) . Primary or residual or in-situ deposits and (b). Secondary or rudimentary clay deposits.

The major minerals present in clay are Kaolinite, Montmorillonite, and micaceous clay minerals. The prominent clay occurrences in Sri Lanka are Kaoline deposits in Meetiyagoda, Boralesgamuwa and Ball clay deposit in Dediyawela Kalutra, Brick and tile clay deposits along lower part of Kelani River and Kochchikade area, and other highly plastic clay in Murukkan area and some of economically viable deposits.

Kaolin consists mainly of Kaolinites. Kaolin deposits are formed by weathering Feldspar.

This kind of raw clay has to be refined to rid it of the other associated mineral particles (Silica, Ilmenite, etc) before it can be used in the ceramic industry. Major Kaolin deposits in Sri Lanka are located at Boralesgamuwa and Meetiyagoda. Even though the Boralesgamuwa deposit has already been exhausted, there are a few more deposits nearby that cannot, however, be mined because that the area is urbanized.

Silica sand: Silica Sand falls into three categories: river sand, sea sand, and industrial sand. River sand is a material derived from weathered rock and transported by running water. River sand, if not excavated, will be carried to the sea, and accumulated in shallow sea and beach. River sand is mainly used in building construction, especially for concrete since it does not contain chloride sulfate, which adversely affects (cause corrosion) reinforced steel in concrete. Since river sand is in short supply due to heavy demand in the construction industry, washed sea sand is now used as a substitute for river sand in the construction industry.

White colour high purity (over 98% SiO2) Silica sand deposits are found in Marawila, Nattandiya, and Madampe (in Puttalam district) and also in Ampara and Jaffna peninsula. Silica sand is mined from Nattandiya and Madampe seas to be used as a raw material in the glass and ceramic industries.

Apatite: Also known as rock phosphate, Apatite is composed of Fluorine, Chlorine, and Hydroxide. Rock phosphate is commercially used as a fertilizer to provide Phosphorus (P) to plants as it is a major nutrient required for their growth. The rock phosphate deposit in Sri Lanka is located at Eppawala in the Anuradhapura district. This deposit covers an area of over 7.5 km2 and the estimated quantity is over 50 million tons. This carbonatite apatite deposits contain 42% of P2O5 and some important Rare Earth Elements (REE). However, the main issue of using this Apatite is its low solubility and high cost for processing it to be made in to SSP and TSP fertilizer.

Mica: Mica is a group of minerals of hydrated aluminosilicate of Iron (Fe), Magnesium (Mg), Potassium (K), Sodium (Na) etc. It could be easily identified by its unique flaky structure. The most common types of mica in Sri Lanka are phlogopite, which is Mica rich in Magnesium and biotite, Mica rich in iron. Muscovite, a Mica variety with high levels of potassium, also occurs in certain areas in Kebithigollewa.

Some of the mica deposits are found in Matale, Talatuoya, Badulla, Maskeliya, Haldummulla, Kebithigollewa, and Balangoda while one of the Phlogopite underground mines is located at Wariyapola, Matale.

Calcite and Dolomite: Mined in the crystalline limestone deposits where Dolomite and Magnesite are also found, Calcite is occasionally found as pockets within Dolomite and Dolomitic limestone. There are some well-known Calcite deposits in Balangoda. Softer than Dolomitic limestone and Dolomite, Calcite powder is used as a filler in industries. Calcite is also used in other industries as a minor raw material, filler, soft abrasive material, etc.

Dolomite is a combination of Calcium Carbonate and Magnesium Carbonate. Crystalline limestone deposits- which contain Dolomite, Calcite, Magnesite and Dolomitic limestone - are scattered throughout the Highland - South Western, Vijayan, and Wanni complexes. Some of the localities known for limestone deposits are Anuradhapura, Habarana, Matale, Kandy, Ratnapura, Balangoda, Maligawila, Badulla, Bibile, Welimada, Embilipitiya, Hambantota, Kataragama, etc.

Limestone: In Sri Lanka's northern part especially north Puttlam and Mullaitivu, consists of Miocene age sedimentary limestone bed. These limestones contain over 50 5 of $CaCO_3$ and is the main raw material for the cement industry. Presently, in the Aruwakkalu area, a large open pit lime stone mine is being operated.

Monazite: Monazite is one of the mineral resources that contain Rare Earth Elements, and it is found in mineral sand deposits (about 0.3%). Monazite is also found in many places in Matara, Nuwara-Eliya, Teldeniya, Balangoda, etc.

Thorianite and Thorite have been reported from Bambarabotuwa (in Sabaragamuwa province), in Galle district and Balangoda

Rare Earth Elements: Elements containing atomic numbers ranging from 57 to 71 are known as Rare Earth Elements. Rare Earth Elements (REEs) are widely attracting global attention due to their crucial role in the modern lifestyle, especially in the industrial advancement towards green economy through renewable technologies.

This particular group of metals consists of the 15 lanthanides, yttrium (Y), and scandium (Sc). There are two subgroups, namely light Rare Earth Elements (LREEs) from lanthanum (La) to europium (Eu) and Heavy Rare Earth Elements (HREEs) from gadolinium (Gd) to lutetium (Lu) and Y. Generally, LREEs are more abundant in the mineral deposits compared to more priced HREEs. In Sri Lanka, REE has potential in various geological formations of Sri Lanka, including intrusive rocks, placer deposits, and gem mining wastes. Amongst the studied geological bodies, Eppawala Phosphate Deposit, Pulmoddai mineral sand, and gem mining waste are the most potential REE resources.

Source: Analysis of Mineral Industry in Sri Lanka along with Global Trends (by Prof. .Ranjith Premasiri)

Currently, the global demand for REEs is skyrocketing, owing to their immense consumption in the advancement of modern high-tech and green technologies. Global demand for Rare Earth Oxides (REOs) has increased approximately from 156 to 208 thousand metric tons over the period 2017 to 2019, and it is forecasted to increase to over 304 thousand metric tons by the year 2025. However, the global REE supply is unstable and uncertain due to the inadequacy of REE resources and various geopolitical issues. Therefore, exploring new and alternative REE resources worldwide is extremely important to maintain a reliable and steady REE supply.

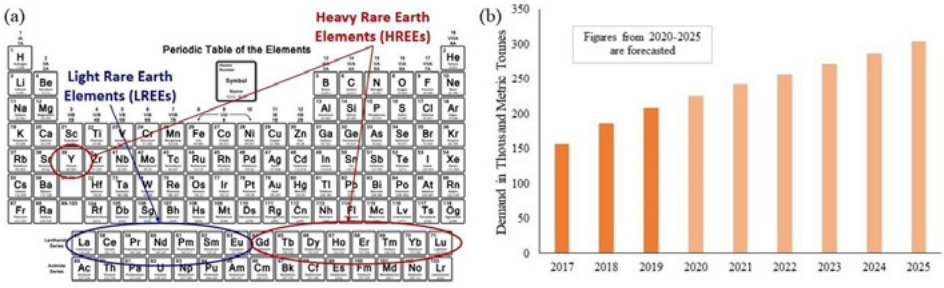

*Figure 11.2 SEQ Figure * ARABIC 5 the subgroups of rare earth elements; (b) The global demand for REO from 2017 to 2025*

a) Precious and Semi-Precious Varieties of Gemstones

Around 75 gem varieties/families have been found in Sri Lanka. These include corundum, chrysoberyl, spinel, beryl, topaz, zircon, tourmaline, garnet, quartz, feldspar families and several other rare gemstones. They are categorized into two broad groups, namely precious and semi-precious varieties. Corundum

(sapphires and rubies) and chrysoberyl are commonly considered as precious gemstones, while spinel, beryl, topaz, zircon, tourmaline, garnet, quartz, and feldspar are considered as semi-precious gemstones.

There are five major gem fields in Sri Lanka, namely, Ratnapura, Elehera, Bibile, Okkampitiya, and Kataragama. It is noteworthy that the geological complex known as 'Highland complex' has the highest potential for the genesis of gem minerals and other regions are also rich in gem deposits as the gems originated above are transported by rivers, landslides etc. Therefore, these gem deposits are mainly found in debris of paleo landslides river beds, and flood plains. Map 4-01 illustrates the gemstones found in Sri Lanka with respect to locality while table i - 01 gives details on it.

Table 11.4.2 - Area and Gem Varieties

Area	Gem varieties
Embilipitiya	All gem varieties (sapphires, spinel,tourmaline, zircon, garnet etc.)
Agalawatta	Alexandrite
Awissawella	Sapphire varieties, geuda
Passara	Sapphire varieties, geuda
Deniyaya	Alexandrite
Eheliyagoda	Blue sapphire, yellow sapphire, padparadscha, geuda
Elahera	Garnet varieties, sapphire, zircon
Horana	Chrysoberyl, zircon, sapphire (minor amounts)
Kataragama	Sapphire varieties, geuda, garnet varieties
Kuruwita	All sapphires
Matale	Topaz
Meetiyagoda	Moonstone
Moneragala	Sapphire varieties, geuda
Niwithigala	Several gem varieties including Sapphire varieties and geuda,
Okkampitiya	Blue sapphire, yellow sapphire, geuda
Pelmadulla	Several gem varieties including Geuda, star sapphire
Polonnaruwa	Garnet varieties, sapphire varieties
Ratnapura	All gem varieties
Wellawaya	Colour changing garnet, minor amounts of sapphires

11.5 Environmental Impact of Agriculture in Sri Lanka.

Soil Degradation: In Sri Lanka's dry zone, intensive mono-cropping of paddy has led to soil nutrient depletion and erosion. Over-irrigation in these areas also contributes to soil salinization, making land less productive.

1. Water Pollution and Shortages: Excess fertilizer use in the Central Province often results in nutrient runoff, leading to eutrophication in lakes like Kandy Lake. Pesticides from tea plantations in hill areas also contaminate rivers, affecting downstream water quality and biodiversity.
2. Biodiversity Loss: The expansion of agricultural lands in Sri Lanka's forest regions, such as in the Eastern Province, threatens local wildlife. Monoculture practices like rubber and oil palm plantations reduce biodiversity and disturb local ecosystems.
3. Greenhouse Gas Emissions: Paddy fields in Sri Lanka emit methane, a potent greenhouse gas, contributing to climate change. Additionally, livestock farming in areas like the North Central Province also increases methane emissions.
4. Land and Water Use Conflicts: In regions like the Mahaweli River Basin, there's competition between agricultural water needs and the demand for drinking water, particularly in the dry season. Encroachment into forested areas for farmland also brings conflicts over land use.
5. Climate Change Impact on Agriculture: Irregular rainfall and droughts linked to climate change have affected crop yields, especially for rice and tea. Areas like Anuradhapura and Polonnaruwa face more frequent droughts, impacting paddy farming and water availability.

Sustainable practices, such as organic farming in certain tea estates and water conservation in paddy fields, are gaining traction to address these issues.

11.6 Solid Waste Management

In Sri Lanka, solid waste management is governed by various regulations aimed at reducing environmental impact and promoting sustainable practices. The National Environmental Act and other local laws mandate proper waste segregation, disposal, and treatment to minimize pollution.

Good practices in the country include recycling initiatives, where materials like plastic, paper, and glass are collected and reprocessed. Upcycling efforts are also emerging, with creative reuse of waste materials to produce higher-value products, supporting waste reduction and resource conservation. Additionally, some municipalities have introduced composting programs for organic waste, aligning with broader circular economy goals and planning resource recovery process. These regulations and practices are critical in addressing the growing waste management challenges in Sri Lanka

As per the WHO, any type of garbage, trash, refuse or discarded material is known as solid waste and Sri Lanka produces a nearly 7,000 tons of solid waste per day. Solid waste in Sri Lanka can be categorized as basically municipal waste, construction waste and industrial waste.

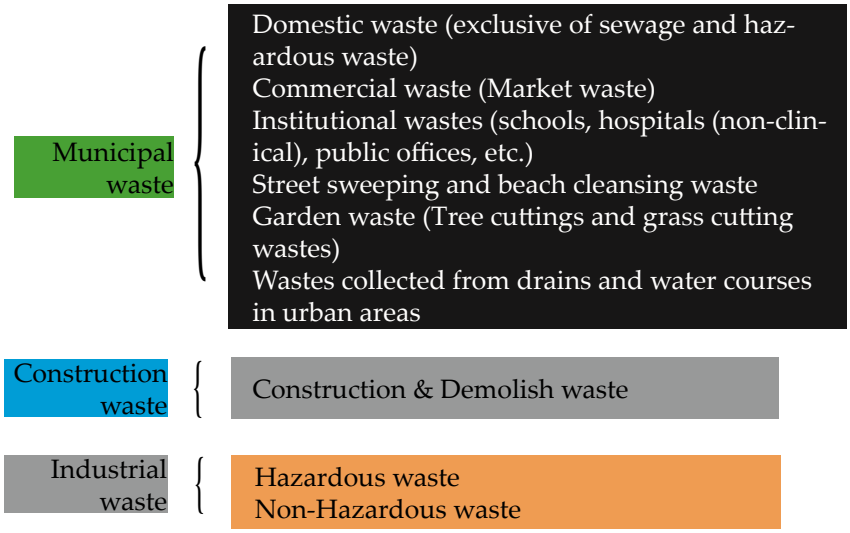

Figure 11.4: Solid waste classification – Sri Lanka

Local authorities are statutorily responsible for the management of waste generated within their respective boundaries. Population and economic growth as well as rapid urbanization have aggravated the burden of management of municipal solid waste (MSW) in the country.

The country is struggling with the environmental consequences and health hazards of solid waste management (SWM) particularly with the final disposal. Intensified the adverse impacts on the environment and

humans have occurred due to

- Increasing amount of MSW and poor SWM,
- lack of waste reduction efforts,
- no or little effort to control illegal dumping,
- widespread practice of unsafe open dumping, etc.

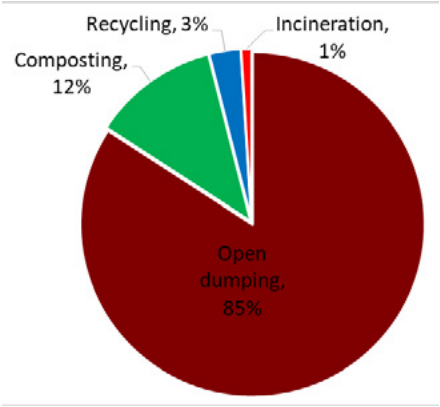

Figure 11.5: Disposal way of solid waste in Sri Lanka

Source: National Program for the Solid Waste Management-2020

Table 11.1 Waste generation and collection in nine provinces- 2019

Province	Generation (MT/day)	Collection (MT/day)	Collection rate	Number of dumpsites
Western	3,368	1,952	58%	51
Northern	374	195	52%	16
Eastern	838	431	52%	38
Central	871	362	41%	43
North Western	596	235	39%	45
Uva	323	123	38%	22
Sabaragamuwa	525	182	35%	29
Southern	838	272	33%	60
North Central	409	103	25%	35
Sri Lanka	8,141	3,854	47%	339

Source: National Program for the Solid Waste Management-2020

Landfills are the most common method of waste disposal. However, many landfills are reaching the fullest capacity, and there are concerns

about environmental pollution from improper waste disposal practices. Inadequate waste management infrastructure, particularly in rural areas, hampers effective waste collection and disposal. However Metro-Colombo Solid waste management project is being developed as a solution for the waste management in basically Colombo area. Limited financial and technical resources restrict the development and implementation of comprehensive waste management systems. In addition to that , low levels of public awareness and participation in waste management practices, such as recycling and composting, contribute to the problem.

Therefore Sri Lanka faces significant challenges in managing its waste, but efforts are being made to improve waste collection, recycling, and disposal practices. Addressing these challenges requires a multifaceted approach involving government policy, public participation, and investment in infrastructure.

Figure 11.6: Meethotamulla Garbage Dump Disaster

The Meethotamulla Garbage Dump Disaster occurred on April 14, 2017, in Colombo, Sri Lanka. A massive section of the garbage dump, which had been accumulating waste for years, collapsed following heavy rains, burying nearby homes and causing significant devastation. The disaster resulted in the deaths of 32 people, displaced hundreds of families, and highlighted severe shortcomings in waste management practices in the country. The incident brought national and international attention to the urgent need for sustainable waste management solutions in Sri Lanka,

leading to increased efforts to improve regulations, waste disposal methods, and community awareness.

Open Dumpsites in Sri Lanka

Batticaloa

Kurunegala Sundarapola

Madampitiya

Figure 11.7 Open dumpsites

Animals rummaging through food waste

Dambulla

Central Province

Medirigirya

Karadiyana

Figure 11.8: Animals rummaging through food waste

CHAPTER XII

Natural Disasters

12.1 Natural disasters

Natural disasters are naturally occurring destructive incidents, without the mediation of man, causing harm to human lives, property, the environment and economy. The Sri Lankan Government enacted the Disaster Management Act No.13 of 2005 in 2005. The act declares the disaster management policy's emphasis shift from emergency response to disaster preparedness.

Major disasters experienced in Sri Lanka are floods, landslides, cyclones, droughts, and Tsunami (in 2004).

Here are some of the major natural disasters that frequently impact the country:

12.1.1 Floods

Heavy monsoon rains, particularly during the Southwest (May to September) and Northeast (December to February) monsoons, often lead to severe flooding. Floods cause significant damage to infrastructure, agriculture, and housing, displacing thousands of people. For example, the 2017 floods affected over 600,000 people and caused many deaths . (https://www.iom.int/sites/g/files/tmzbdl486/files/situation_reports/file/Sri-Lanka-Floods-IOM-Situation-Report-2-5June2017.pdf)

Floods in 2017

Cyclones:

Tropical cyclones primarily affect Sri Lanka during the inter-monsoon periods (March-April and October-November).
Cyclones bring strong winds, heavy rains, and storm surges. Cyclone Nisha in 2008 caused extensive damage and fatalities in the Northern and Eastern provinces.

12.1.2 Droughts

Prolonged dry spells, often related to El Niño phenomena, lead to water shortages and droughts. Droughts severely affect agriculture, reduce water availability, and increase food insecurity. For instance,the 2016-2017 drought impacted nearly two million people.

12.1.3 Landslides

Heavy rainfall, deforestation, and improper land use practices, especially in the central highlands, contribute to landslides. Landslides can be deadly and destructive, burying homes and infrastructure. The 2016 Aranayake landslide resulted in significant loss of life and property.

The main part of the Aranayake landslide in Sri Lanka

12.1.4 Tsunami

Undersea earthquakes in the Indian Ocean can generate tsunamis that reach Sri Lanka's coasts. The 2004 Indian Ocean tsunami was one of the deadliest natural disasters in Sri Lanka's history, killing over 35,000 people and displacing over half a million.

Table 12.1 Districtwise Natural Disaster Situation Report- 2023
National Disaster Relief Center, Sri Lanka

District Wise Peak Situation Report (2023-01-01 to 2023-12-31)

No	Administrative Purview		Disaster	Affected		Deaths	Injured Persons	Missing Persons	House Damages		Other Damages		Safety Centers		
	District(s)	No of Division(s)		Families	Persons				Fully	Partially	SME	Critical Infrastructure	No of Safety Centers	Families	Persons
1	Ampara	19	Coastal Erotion/Cutting Failure/Drowning/Fire/Flood/Heavy Rain/High Wind/Landslide/Landslide Risk/Lightning/Elephant Atttack/Other	6694	22395	2	10	0	12	635	18	3	1	319	1152
2	Anuradhapura	23		1360	4606	5	2	0	25	726	32	6	1	1	6
3	Badulla	15		3026	10977	8	18	1	20	1839	33	14	25	738	2446
4	Batticaloa	12		2698	9740	0	1	1	0	71	1	1	1	47	139
5	Colombo	13		4574	17340	7	29	0	9	546	15	12	10	111	413
6	Galle	22		8836	23158	3	3	0	5	1077	14	0	4	82	291
7	Gampaha	13		21350	87554	7	13	0	4	1729	35	2	49	1141	4531
8	Hambantota	12		4327	15773	7	5	0	20	1111	37	12	4	305	1171
9	Jaffna	14		3310	11156	0	3	0	0	153	15	3	2	37	127
10	Kalutara	14		2430	8971	2	11	0	10	1323	50	1	5	8	31
11	Kandy	20		1706	6791	11	13	0	3	1413	7	1	10	74	320
12	Kegalle	11		2495	9302	4	8	1	9	2170	114	2	0	0	0
13	Kilinochchi	4		3060	9681	1	4	0	1	143	1	14	6	363	1186
14	Kurunegala	30		2312	8109	8	10	0	9	1055	67	7	1	4	12
15	Mannar	5		656	2366	3	0	2	0	9	0	0	5	192	617
16	Matale	11		571	1987	0	4	0	7	502	10	0	0	0	0
17	Matara	16		15544	56647	4	1	1	35	1405	97	0	15	961	3456
18	Moneragala	11		800	2873	3	1	0	17	649	7	0	3	86	299
19	Mullaitivu	6		2581	7689	1	5	0	0	136	3	1	8	415	1225
20	Nuwara Eliya	6		1162	4435	3	17	0	37	938	1	4	23	211	825
21	Polonnaruwa	7		774	3228	4	3	1	1	344	14	0	5	69	220
22	Puttalam	16		9933	36862	3	4	0	4	208	31	11	6	65	237
23	Ratnapura	18		2971	11121	13	19	0	9	1873	65	4	4	35	133
24	Trincomalee	11		1940	6227	1	6	0	1	377	22	6	5	318	951
25	Vavuniya	4		428	1344	0	0	0	1	118	4	2	3	44	160
	Total	**333**		**105538**	**380332**	**100**	**190**	**7**	**239**	**20550**	**693**	**106**	**196**	**5626**	**19948**

Source: National Disaster Relief Center, Sri Lanka

12.2 Climate Change

The importance of the climate change is being more widely recognized in the world today with the increasing pressure of the global warming. Climate change is happening right before our eyes. Climate change is periodic variation of earth's climate brought about as a result of changes in the atmosphere and interactions between various other geologic, chemical, biological and geographic factors within the earth system Therefore, the air, water and soil are linked to the atmosphere through the exchange of gases which is associated with earth's climate.

Sri Lanka is recognized as a highly vulnerable country to climate change in the 2017 ND-GAIN Index, which is ranked 100th out of 181 countries in the world (World Bank Group & Asian Development Bank, 2020).

As per Smith (2020), climate risk will negatively affect agriculture and food security, water and coastal resources, human health and changing biodiversity in Sri Lanka. Therefore, the country needs to prioritize climate risk and it is important to take both mitigation and adaptation action in relation to climate change.

Sri Lanka is extremely sensitive to climate change, and it is likely to be severely affected due to low elevation of the many areas of the country, reliance on ecological systems (Wickramasinghe, 2019), small size of the island and its location in the Indian ocean (Seo, Mendelsohn & Munasinghe, 2005). Specially, Sri Lanka's ecological systems, including agriculture, water resources, and coastal ecosystems, are deeply impacted by climate change. The country's agriculture, especially paddy farming, depends heavily on seasonal rainfall, making it vulnerable to changing climate patterns. Monsoon pattern in Sri Lanka has a significant influence for the agriculture sector in Sri Lanka. Monsoon patterns of Sri Lanka can be influenced by global phenomena such as the El Nino, the Indian Ocean Dipole (IOD) and the La Nina in which sea-surface temperatures tend to oscillate (Srinivasan, 2019). Droughts, floods and strong winds are among the most adverse weather conditions that cause crop damages in Sri Lanka (Ministry of Environment Sri Lanka, 2020). The agriculture sector is projected to bear the brunt of the losses, particularly in districts like Anuradhapura, where people rely on farming (Wickramasinghe, 2019; Gnanasubramaniam & Hemachandra, 2020).

Considering the vital role of agriculture in Sri Lankan economy it is important to assess the impact of climate change on agriculture sector in Sri Lanka (USAID Climate Change Adaptation & UNDP, n.d.). Sri Lanka is a developing country in South Asia and climate change is creating a significant financial risk, which will disproportionately affect Sri Lanka's poorest communities (Selvachandran, 2021). Rice cultivation accounts for the majority of agricultural land use (approximately 40%) (Senanayake & Premaratne, 2016), with 1.2 million farmers (Sanderatne & Centre for Poverty Analysis (Sri Lanka), 2005). Paddy farmers have greater rural poverty headcount, and farmers with smaller paddy holdings are more vulnerable to this financial risk (Sanderatne & Centre for Poverty Analysis (Sri Lanka), 2005).

Therefore, the paddy farming community in Sri Lanka faces a significant increase in financial risk and climate change will be a great challenge in this century. The rice sector is crucial to Sri Lanka's economy because rice is the country's staple food and employs a huge number of rural families. Rice production needs to be increased for food security and economic stability, as Sri Lanka has been reliant on imports for years (FAO, 2012).

Most of the time, sudden extreme climate and weather conditions leads to most population displacements. In Sri Lanka both cyclones "Roanu" and "Mora" respectively in May 2016 and May-2017 brought a great damage. " Roanu brought Sri Lanka's highest rainfall in more than 25 years affecting 22 out of 25 districts. Sudden flooding and landslides were reported killing 64 people and forcing around 500,000 to evacuate (International Displacement Monitoring Center, 2016). in May 2017 "Mora", brought heavy rainfall causing 292 deaths and affected mainly in southern and western parts of the country. More than 650 000 people were affected in theses area due to this disaster.

Further some countries are more vulnerable to climate change because local farmers have less adaptive/protective capacities and are already adversely affected by natural variability of temperature rainfall pattern and the onset of monsoons with multiple impacts at regional and local scales. Therefore, the impact of climate change should be assessed locally (Seo, Mendelsohn & Munasinghe, 2005). Since agriculture is the only source of income generation in most of paddy farmers in Sri Lanka the investments in the paddy sector is required to mitigate the risk and to adapt to climate change (Esham & Garforth 2012).

Agriculture is one of the vulnerable sectors to climate change and the yields are generally expected to decline most severely in countries at lower latitudes (Parker et al., 2019). Sri Lanka is likely to be severely affected by climate change because it is a small sized island located in the tropical region and less developed (Seo, Mendelsohn & Munasinghe, 2005). In Sri Lanka, climate change is apparent with changes of rainfall distribution and pattern, high frequency of floodings, prevailing drought conditions, and high atmospheric temperature etc. (Gnanasubramaniam & Hemachandra, 2020).

In Sri Lankan economy Agriculture sector plays a vital role. The share of agriculture in Sri Lanka's gross domestic product was 8% in 2020 and more than 22% of the exports are food and agricultural exports. Approximately 25 % of the total employment was engaged in agriculture sector (Central Bank of Sri Lanka, 2022). Further the sustainability of agriculture is important for the food security and the stability of many Industrial Exports like Rubber products in Sri Lanka. On the other hand, Sri Lanka needs an accelerated growth to meet consumer demand and to alleviate the rural poverty and trade deficit. Therefore, agricultural investment is an important and effective strategy for the sustainable development of the country.

A study conducted by Seo et al. (2005) suggested the Ricardian method and Agro-Economic models (AOGCM) to look at how net revenue varies across climatic zones in Sri Lanka. The model examines how the climate in different places affects the net revenue or value of farmland using four major important crops (paddy, coconut, rubber, and tea). In this study researchers use five Atmosphere-Ocean General Circulation Models (AOGCM) to predict the climate for Sri Lanka, by 2100. The impacts of rainfall increases are predicted to be beneficial to the country as a whole in all five AOGCM scenarios, but temperature increases are predicted to be harmful. According to model HAD3 (Hadley Centre Coupled Model3), Ampara District records the highest crop losses (74%) and according to the CSIRO (Commonwealth Scientific and Industrial Research Organisation) model, Kilinochchi District records its highest losses (-202%).

Interestingly, the Ricardian approach has been applied to analyse the effect of climate change on the smallholder agriculture sector in Sri Lanka (Kurukulasuriya & Ajwad, 2007). The study suggested that small holder profitability in agriculture sector will be significantly affected by

the climate change in Sri Lanka and a change in net revenues of between −23% and +22% (depending on simulated climate change sicarios) will be observed at country level. The largest adverse impacts are anticipated in the dry zone, in the North Central region (E.g.: Anuradhapura) and South-Eastern regions (E. g. Moneragala) of Sri Lanka. (However, due to regional disturbances, North and Eastern parts have been excluded from the survey) (Kurukulasuriya & Ajwad, 2007)

A study published by FAO (Amarasingha et al., 2021) provides information on climate change impact on crops cultivated in Sri Lanka. Crops such as rice, maize, green gram, big onion, Chilli, and potato have been selected for the study based on a wide range of criteria including contribution to the gross domestic product, relevance to food security and role as a staple food, the importance for farming systems, social impact, effect on employment, role as animal feed, consumer preferences, contribution to the export market, climatic vulnerability/resilience, market prices and price fluctuations, and farming input requirements. The study shows projected negative results of 5 selected crops in terms of yield losses due to climate change as follows.

Rice: In the Maha season and under the rainfed regime, a negative change in rice yields in the districts of Kurunegala and Anuradhapura, Districts located in the dry zone. For the Maha season, under the irrigated regime, Anuradhapura District appears negatively affected by climate change. For the Yala season, under the irrigated regime, the impacts are negative only in Kurunegala District.

Maize: The yield changes in Maha season, a negative change in all districts in Sri Lanka and Moneragala and the Kurunegala Districts are the highest impact Districts. For the Yala season, impacts are negative in the districts of Badulla and Moneragala.

Big Onion: For Yala season, no negative changes for all Districts.

Green gram: For Maha season, all models project a negative change in green gram yields in the Districts of Moneragala, Hambantota, and Puttalam. In the Yala season, all the models for both future horizons and scenarios project a negative change in green gram yields in the Moneragala District.

Potato: In the Maha season, all the models project a negative change in

potato yields in the District of Nuwara Eliya. In the Yala season, a negative change in potato yields is expected in the District of Badulla.

As per the study conducted to explore the impacts of climate change on food security in Sri Lanka by Weerakoon (2013), more than 20% grain yield reduction will be experienced in Kurunegala District in Sri Lanka by the mid-century due to the impacts of global warming on the productivity of available rice varieties (Weerakoone, 2013).

A review of "Climate Change Impacts and Adaptation in the Agriculture Sector of Sri Lanka: What We Learnt and Way Forward" by Eeswaran (2017) provides various literature on climate change impact on different crops (Eeswaran, 2017).

As noted by Nguyen (2002), flood is the most important constraint to rice production in low-lying areas like the Eastern and Western Provinces of Sri Lanka. In recent years, increasing weather extremes such as floods and droughts caused severe damage to rice production (Marambe et al. 2015).

Rice grown near coastal regions will be increasingly affected by increasing salinity in paddies due to saline water intrusion associated with sea-level rise (De Costa 2010). In addition to rice, most of the other crops such as coarse grains, legumes, fruits, vegetables and tuber crops also seem to be adversely affected by the impacts of climate change (Titumil and Basak 2010).

Yield reductions were evident for maize (Malaviarachchi et al. 2014) and Mung bean (Malaviarachchi et al. 2015, 2016) with increasing growing season temperatures.

Increasing trends of nighttime minimum temperatures in many locations as observed in the recent decades have resulted in diurnal temperature ranges becoming increasingly narrower (Marambe et al. 2015). It negatively affects the yield of tuber crops. Increasing temperature and variability in rainfall have negative impacts on tea production which is a major export commodity of the country (De Costa 2010).

Regional comparison to climate change: Punyawardena et al. (2013) has developed the climate change vulnerability map of Sri Lanka which clearly shows that vulnerability varies with regional characters, for an example already dry regions (Kilinochchi, Mullaitivu, Mannar, Vavuniya and

Puttalam) are categorized as having "very high" vulnerability to climate change. Ratnapura District also falls under the "very high" category due to frequent floods and landslides

The section on climate change also needs to have some details on the reasons for climate change (e.g. fossil fuel burning, land use changes including deforestation, etc.), and some information on where we stand as a country, in terms of our emissions against the global total, the importance of taking necessary mitigation and adaptation action, etc (and probably a brief account on national level policy decisions and action (e.g.. NDC's) planned by the country as a member of the Paris Agreement). This section mostly focuses only on agriculture, and it seems to have ignored the impacts on any other sector (at least some mentioning/briefing..).

Overall gaps: While the report has covered many aspects in relation to the natural resources, it would be better to have some information on water resources, forest resources and biodiversity, coastal and marine resources, etc.

12.3 Carbon Emission

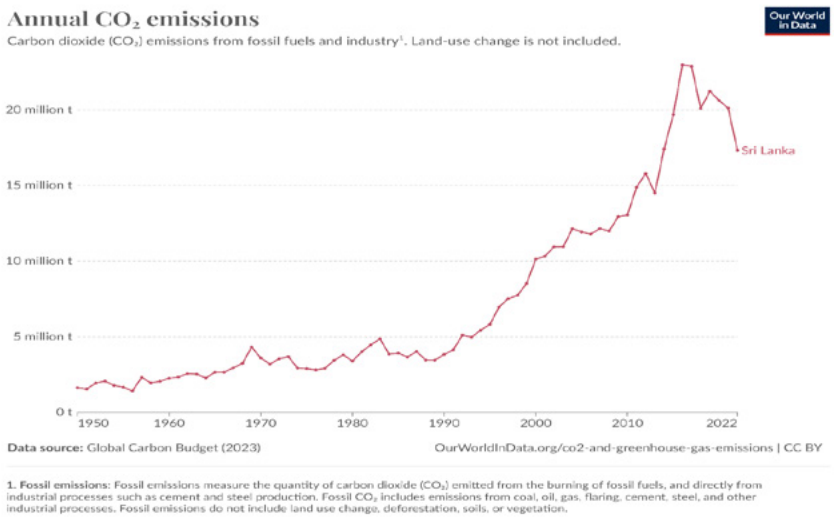

Figure 12.1: Annual Carbon emission in Sri Lanka

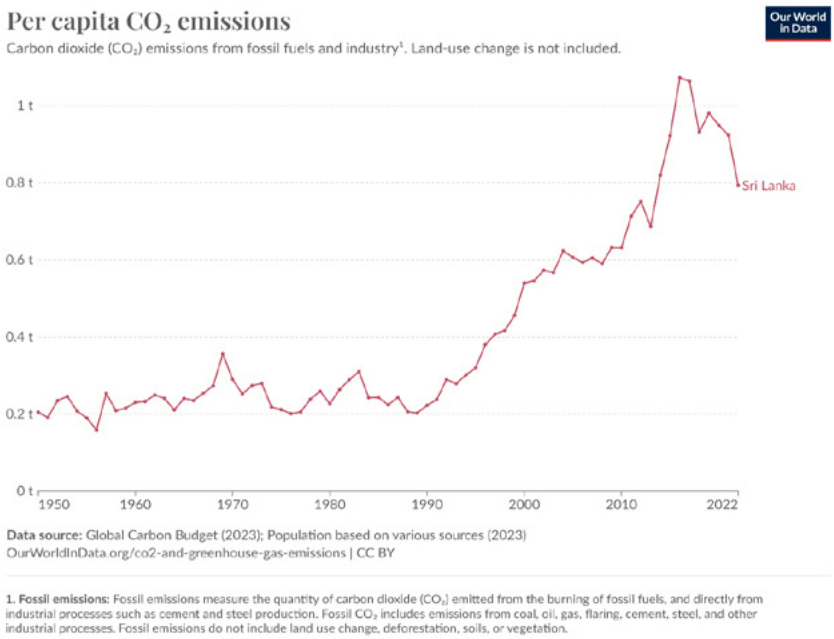

Figure 12.2: Per capita CO2 emission in Sri Lanka

Globally, increased levels of carbon dioxide and other greenhouse gas emissions contribute to climate change and global warming. Sri lanka's carbon emission is very low compared to other counties.
However the carbon emissions of the country are influenced by various factors, including its energy production methods, industrial activities, transportation systems, and policies aimed at environmental sustainability.

A significant portion of Sri Lanka's carbon emissions comes from energy production. The country relies on a mix of energy sources, including coal, oil, and renewable energy. Thermal power plants, particularly those using coal and oil, contribute heavily to carbon emissions. Sri Lanka has made significant investments in renewable energy sources such as hydro, solar, and wind power. The government aims to increase the share of renewable energy in the national grid, thereby reducing reliance on fossil fuels and lowering carbon emissions.

The transportation sector is another source of carbon emissions in Sri Lanka. The increasing number of vehicles upto 8.4 Million, especially in urban areas, contributes to air pollution and greenhouse gas emissions.

Industrial processes and manufacturing also contribute to the country's carbon emissions. Key industries include cement production, textiles, and manufacturing, all of which have varying levels of emissions.

The government has developed and implemented various policies aimed at combating climate change and reducing carbon emissions. These include the National Climate Change Policy and the Nationally Determined Contributions (NDCs) under the Paris Agreement.

CHAPTER XIII

Recent Political, Economic, and Policy Changes (2024–2025)

13.1 Introduction

This chapter is a newly added section that provides an update on Sri Lanka's political, economic, and policy transformations since July 2024. While the rest of the country profile discussed the situation prior to this period, this chapter presents key developments, including leadership transitions, economic policy changes, and the introduction of new national programs such as the Clean Sri Lanka initiative.

13.2 Political Changes and Governance Reforms

13.2.1 Presidential Election and Political Transition

In the **2024 Sri Lankan Presidential Election**, held on **21 September 2024**, no candidate achieved the required majority in the initial count, leading to a second count based on preferential votes. In the first round, **Anura Kumara Dissanayake** of the **National People's Power (NPP)** secured **42.3%** of the votes, while **Sajith Premadasa** of the **Samagi Jana Balawegaya (SJB)** obtained **32.8%.** Incumbent President **Ranil Wickremesinghe** garnered **17.2%** of the votes. Since no candidate surpassed the 50% threshold, the election proceeded to a second count, incorporating preferential votes. In this decisive round, Dissanayake received a total of **5,740,179** votes, accounting for 55.9%, while Premadasa obtained **4,530,902** votes, representing **44.1%.** Consequently, Anura Kumara Dissanayake was declared the winner and iswon as President on **23 September 2024** (Elections Department of Sri Lanka, 2024).

As part of its campaign, the **NPP unveiled its manifesto titled "A Rich Country - A Beautiful Life"** in **August 2024**. This manifesto emphasized the establishment of a **parliamentary system through the abolition of the executive presidency**, reinforcing a commitment to **corruption-free** governance and the **promotion of sustainability**. Furthermore, the **NPP pledged to engage in discussions with the International Monetary Fund (IMF)** to develop programs aimed at **poverty alleviation and financial support for vulnerable populations**

Following the presidential election, a **parliamentary election was conducted on 14 November 2024,**

the **Jathika Jana Balawegaya (National People's Power - NPP)**, led by President A**nura Kumara Dissanayake**, achieved a massive victory. The NPP secured **6,863,186** votes, accounting for **61.56%** of the total valid votes, and won **159** out of **225** seats in Parliament, granting them a two-thirds majority.

The **Samagi Jana Balawegaya (SJB)** obtained **1,968,716 votes (17.66%)** and secured **40 seats**. Other notable parties include the **Ilankai Tamil Arasu Kadchi (ITAK)** with **257,813 votes (2.31%)** and **8 seats**, and the **New Democratic Front (NDF) with 500,835 votes (4.49%) and 5 seats.**

The total number of valid votes cast was **11,148,006,** with **667,240** rejected votes, bringing the total polled to **11,815,246**, representing a voter turnout of **68.93%.** The total number of registered electors was **17,140,354** (Elections Department of Sri Lanka, 2024).

13.2.2 Legislative and Governance Reforms

In 2024, Sri Lanka enacted several key legislative measures to enhance its economic governance and financial management framework:

1. Public Debt Management Act, No. 33 of 2024

Enacted on June 18, 2024, this Act aims to consolidate the legal framework for public debt management. It establishes a centralized Public Debt Management Office (PDMO) within the Ministry of Finance, responsible for formulating and executing the government's debt management strategy. The Act delineates the authority for government borrowing, issuance of debt securities, and management of public debt, ensuring a structured approach to debt sustainability.

2. Public Financial Management Act, No. 44 of 2024

Certified on August 8, 2024, this legislation seeks to strengthen accountability and oversight in the management of public funds. It clarifies institutional responsibilities related to financial management, enhances budgetary processes, and promotes fiscal discipline. The Act also facilitates public scrutiny of fiscal policy and performance, aiming to improve macroeconomic management.

3. Economic Transformation Act, No. 45 of 2024

Presented to Parliament in May 2024 and certified on August 9, 2024, the

Economic Transformation Bill focuses on establishing a national policy for economic transformation to ensure stability and prevent future economic crises. It addresses issues such as economic mismanagement and unsustainable debt practices, aiming for sustained economic growth. These legislative measures reflect Sri Lanka's commitment to strengthening its economic governance and ensuring long-term fiscal sustainability.

The government has also prioritized **anti-corruption** measures, enhancing the independence of public institutions, and promoting investigations against fraud and corruptions to restore public confidence in governance structures.

13.3 Economic Developments and Policy Shifts

13.3.1 Macroeconomic Policies and Monetary Adjustments

Sri Lanka's new government is working to align its **economic policies** with the conditions set by the **International Monetary Fund (IMF).** The country is currently undergoing **structural economic reforms**, focusing on **public sector management, state-owned enterprises, and tax policy improvements** to ensure **macroeconomic stability** and **debt sustainability (IMF, 2024)**. At the same time, the government aims to implement **social welfare initiatives and adjust fiscal policies** to support economic recovery while minimizing the financial burden on the population. These efforts require **careful negotiation** to balance **international financial obligations** with domestic economic priorities **(Financial Times, 2024)**

The **Central Bank of Sri Lanka** has implemented key monetary policy adjustments to foster economic recovery. On **24 July 2024,** the Standing Deposit Facility Rate was reduced to 8.25%, and the **Standing Lending Facility Rate to 9.25%,** aiming to stimulate economic activity amid controlled inflation (Reuters, 2024).

The Sri Lanka Electricity Act of 2024 (Certified on 27th of June, 2024] was enacted to restructure the energy sector, focusing on enhancing efficiency, promoting private investment, and integrating renewable energy sources into the national grid.

The Act allows for the procurement of new transmission assets through PPPs, with the National System Operator responsible for calling proposals in a transparent and competitive manner. Specific procedures for such procurement are to be prepared in consultation with the National Procurement Commission.

In line with these provisions, the Sri Lankan government has initiated discussions with private entities to develop renewable energy projects. For instance, talks are underway with India's Adani Group to establish wind power projects in the northern province. However, these discussions have faced challenges and led to a review of the agreement's terms.

To ensure the effective implementation of the Act and address stakeholder concerns, the government has appointed a committee to review the legislation and recommend necessary amendments. This initiative aims to support a sustainable electricity sector without privatizing current assets.

Additionally, the **Sri Lanka Electricity Act of 2024** focuses on **enhancing efficiency, promoting private investment, and integrating renewable energy sources** into the national grid. It also establishes the **National Electricity Advisory Council** to oversee long-term energy planning.

In **December 2024**, Sri Lanka introduced **tax reforms** aimed at **fiscal consolidation** while providing **relief to middle-income earners.** Key measures include raising the **personal income tax threshold from LKR 100,000 to LKR 150,000**, adjusting **corporate tax rates**, and imposing an **18% VAT on non-resident digital service providers**. Additionally, **the withholding tax on interest** increased from **5% to 10%,** while **stamp duty on lease agreements** rose to **2%**. **Vehicle import restrictions** are set to be **phased out by February 2025** to boost economic activity. These policies aim to **enhance government revenue, support local industries, and balance fiscal discipline with economic growth**, aligning with **IMF recommendations** while addressing public concerns **(KPMG, 2024; Public Finance, 2024; Reuters, 2024).**

13.3.2 Foreign Investment and Trade Policies

Sri Lanka has introduced new **foreign investment policies** to attract global businesses and strengthen economic growth.

Notably, the **telecommunications sector was liberalized**, enabling **Elon Musk's Starlink** to establish operations in Sri Lanka, improving digital connectivity and IT sector development . To facilitate this, the Sri Lankan government amended its telecommunications law in **July 2024,** introducing new license categories to accommodate satellite internet service providers. Following these regulatory changes, on **August 12, 2024,** the **Telecommunications Regulatory Commission of Sri Lanka (TRCSL)** granted Starlink Lanka (Private) Limited a license to provide satellite broadband services in the country.(Reuters, 2024).

In January 2025, Sri Lanka entered into a significant agreement with China's state-owned energy giant, **Sinopec,** to expedite the development of a **$3.7 billion oil refinery in Hambantota**, a strategic southern port city. This project represents one of the largest foreign investments in Sri Lanka's history and is poised to substantially enhance the country's refining capacity. The refinery is designed to process **200,000 barrels of crude oil per day**, aiming to reduce Sri Lanka's heavy reliance on imported fuel and bolster energy security

Additionally, the Public-Private-People Partnership (PPPP or 4P) model is gaining attention in Sri Lanka as a means to foster inclusive and sustainable development. This approach extends traditional Public-Private Partnerships (PPPs) by actively involving citizens in decision-making and project implementation, thereby enhancing transparency, accountability, and community ownership.

13.3.3 Agricultural Sector and Food Security

Recent shortages of **rice and coconuts** have led to price hikes. The government has responded with price controls and **the reactivation of the Paddy Marketing Board (PMB)** to stabilize the rice market. The PMB has been authorized to procure **300,000 to 400,000 metric tonnes** of paddy for distribution through state outlets such as Sathosa. Additionally, amendments to the **Paddy Marketing Board Act No. 14 of 1971** are being considered to strengthen market regulation.

Farmers' concerns regarding fertilizer subsidies, crop insurance, and guaranteed prices for rice are being addressed. The Fertilizer Cash Grant (FCG) provides up to LKR 30,000 per hectare annually, and new insurance schemes aim to compensate for climate-related losses. Pre-harvest damages caused by wild animals have also emerged as a major concern, prompting the government to introduce wildlife management programs and compensation schemes for affected farmers.

13.4 Clean Sri Lanka Initiative: Environmental and Sustainability Efforts

Recognizing the importance of environmental sustainability, the government launched the **Clean Sri Lanka initiative on 1 January 2025,** aimed at fostering ecological responsibility and improving waste management.

13.4.1 Key Objectives of the Clean Sri Lanka Initiative

1. Waste Management and Recycling: Implementing advanced waste segregation, composting, and plastic recycling programs to reduce pollution.

2. Green Infrastructure Development: Encouraging eco-friendly urban planning, sustainable transport, and renewable energy expansion.

3. Community Engagement and Ethical Practices: Raising environmental awareness through nationwide campaigns and community-driven sustainability projects (Clean Sri Lanka Project, 2025).

The **Clean Sri Lanka initiative aligns with the United Nations Sustainable Development Goals (SDGs)** and enhances Sri Lanka's potential to attract green financing and international climate cooperation.

13.5 Future Outlook of Economic Developments and Policy Shifts

Sri Lanka's economic policy direction is expected to focus on sustainable development, digital transformation, and financial stability. Several key trends will shape the country's economic trajectory in the coming years:

1. Expected Economic Growth and Sectoral Performance

- **The World Bank projects Sri Lanka's GDP to grow by 4.4% in 2024**, surpassing earlier forecasts, due to a recovery in tourism, increased remittances, and ongoing structural reforms.
- Growth is expected to stabilize at **3.0%–3.5% in 2025–2026,** depending on the **successful implementation of fiscal reforms, debt restructuring, and trade expansion strategies.**
- **Inflation** has significantly moderated, remaining in single digits (0.5% in August 2024), due to controlled monetary policy and reduced currency volatility.
- **Poverty levels,** which surged to **23.4% in 2023,** are projected to gradually decline as employment opportunities improve.

2. Significant Growth Industries

Sri Lanka is focusing on **several high-growth industries** to drive economic recovery and long-term sustainability:

- Tourism: Expected to contribute significantly to GDP as international arrivals rebound and new investments in the hospitality sector drive expansion.

- Manufacturing & Apparel: Despite global challenges, Sri Lanka's textile and apparel sector remains a major export driver, accounting for over 40% of total exports.

- Technology & Digital Services: The National Digital Economy Strategy 2030 aims to position Sri Lanka as a regional hub for fintech, e-commerce, and IT-enabled services (ITES).

- Agriculture & Agri-Tech: Government efforts are focused on modernizing agribusiness and food processing, with investments in smart agriculture and climate-resilient farming.

- Renewable Energy: Sri Lanka is investing in wind and solar energy projects, aiming to increase renewable energy to 70% of total electricity generation by 2030.

- Logistics & Trade: The Colombo Port City project is designed to attract FDI and expand Sri Lanka's role as a South Asian trade and financial hub.

3. Economic Diversification and Digital Transformation

Economic diversification is a top priority for r**educing reliance on traditional industries.** The **National Digital Economy Strategy 2030** promotes:

- **Fintech innovation,** including blockchain and digital payment systems.
- **E-commerce expansion** to improve market access for small and medium enterprises (SMEs).
- **Cybersecurity and AI-driven technology services** to support high-value business process outsourcing (BPO).

4. Fiscal Reforms and Debt Sustainability

- The **IMF's Extended Fund Facility (EFF) program** is guiding l**ong-term debt restructuring** and fiscal adjustments.
- **Government debt restructuring negotiations with external creditors are ongoing**, aiming to restore fiscal stability.
- The **primary surplus achieved in 2023** has continued into 2024, d**riven by tax reforms and expenditure controls.**

5. Enhancing Trade and Foreign Direct Investment (FDI)

- Sri Lanka is strengthening its **role as a regional trade hub** through **port and airport infrastructure expansion.**
- The **Colombo Port City project** remains a key initiative to attract foreign direct investment (FDI).
- T**rade agreements with India, China, and ASEAN nations** are being expanded to integrate Sri Lanka into **global supply chains**.

6. Social and Environmental Sustainability

- The **Clean Sri Lanka initiative (launched in January 2025)** focuses on **urban waste management, pollution control, and climate resilience**.

- Climate-resilient agriculture and infrastructure **are being developed to mitigate climate change impacts.**

7. Strengthening Public-Private Partnerships (PPPs)
While **PPPs remain important for infrastructure development**, their role has been **deprioritized** in favor of **direct government investment and international funding mechanisms.**

- The **Public-Private-People Participation (PPPP) model** is being explored to **enhance community involvement in infrastructure projects.**

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