

**WOMEN AND STRUCTURAL ADJUSTMENT:
THE SRI LANKA EXPERIENCE**

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I. INTRODUCTION

1. The Macro Context

In 1977 Sri Lanka made major changes to its macro-economic policies in the direction of liberalising the economy and placing more reliance on market forces, and accelerating the rate of economic growth was given priority over welfare-oriented strategies. This approach was a marked deviation from the set of policies previously adopted.

It has to be noted that following independence, Sri Lanka saw a steady improvement in social indicators of the quality of life even though the economy experienced sluggish growth or often stagnation. The package of welfare policies introduced in the 1940s, of free education from primary to tertiary level, free health services, and food subsidies, led to rising literacy and educational levels, and declining mortality rates. The overall literacy rate rose from 62.8 per cent in 1946 to 78.5 per cent in 1971. From 1946 to 1973 the crude death rate fell from 19.8/1000 to 7.7/1000 and infant mortality from 141/1000 to 46/1000; life expectancy rose from 43 years to 66 years.

Meanwhile the economy continued to be dependent on export crops, and as export prices declined from their peak levels in the early fifties, the terms of trade deteriorated and GDP growth rates declined. Unequal international economic relations and global economic pressures exacerbated the economic constraints on a low-income country and a dependent economy. Gross domestic savings and gross domestic capital formation remained at very low levels while, starting from the late fifties, the external imbalance widened due to the poor performance of exports. As a result, the economy did not grow fast enough to generate adequate employment opportunities to absorb the growing labour force. With depleted reserves, the country had to look for alternative policies to protect its external payments position which had come under severe pressure.

The initial policy response came in the form of a wide array of controls on trade and payments. On the domestic front, severe administrative controls were introduced, with increased state intervention in production, distribution and pricing policies. The development strategy until 1977 was essentially inward looking. While interest rates remained at artificially low or negative levels, the exchange rate became progressively over-valued.

With the external environment remaining unfavourable and widespread distortions in the domestic and external policies, the economy grew only by 3.2 per cent per annum during 1970-77 and the per capita real income by a mere 1.5 per cent annually. During this period exports remained virtually stagnant and imports declined in real terms by 2.0 per cent per annum. The average annual increase of 5.6 per cent in prices did not reveal the true inflationary pressure in the economy. These adverse outcomes were accompanied by rising unemployment and unutilised capacity in industry. Unemployment had risen from 12.0 per cent in 1969/70 to 17.4 per cent in 1973, and rates ranging from 12.0 to 24.9 per cent were quoted in official documents for 1971-75. Although these adverse developments in the seventies were not entirely due to factors within the control of the Sri Lanka authorities, it was expected that a substantial change in macro-economic policies would eliminate distortions and

place the economy on a sustainable growth path. It was in this context that Sri Lanka introduced a new set of policies in late 1977.

2. Structural Adjustment – Objectives and Instruments

Structural adjustment in itself is not a development objective like meeting basic needs or relieving poverty (ARTEP, 1987). Whatever different connotations the term may convey, it has currently acquired a distinct meaning in the context of certain lending initiatives by the World Bank and the IMF. The focus is predominantly on adjustment in the country's overall internal and external balance. As expressed in the World Bank approach, the fundamental objective of an adjustment programme is to "provide for an orderly elimination of the imbalance between aggregate domestic demand and resource availability before the point at which the economy becomes seriously distorted and external resources are exhausted", (Khan, 1986). It is not tantamount to the elimination of imbalance per se; the process has to be reconciled with the macro objective of economic growth. The objective is, therefore, a sustainable current account position in the balance of payments and a reduced level of inflation consistent with a stable and high rate of economic growth that will allow for a steady improvement in per capita consumption. The adjustment programme, therefore, needs to embody policies that contain aggregate demand as well as measures to increase the availability of resources (i.e. improvement in the supply side).

The policy package typically associated with IMF/World Bank conditionality arrangements is a combination of demand management policies, structural policies, exchange rate policies and external financing policies. Demand management policies seek to contain the aggregate level/rate of growth of demand (absorption) relative to production, and typically operate through fiscal and monetary measures focusing on variables such as interest rates, volume and flow of credit, public expenditure and taxation. Structural policies place greater emphasis on growth or supply side responses. The strategies adopted include measures that are expected to : improve the level and efficiency of investment (both in the public and the private sectors); reduce or eliminate price distortions (e.g. by withdrawal of subsidies, price controls etc.); remove tariff and other distortions to trade; improve the efficiency of public enterprises, including by privatisation, and mobilise savings in the economy. Exchange rate policies have both demand side and supply side components – namely by reducing and switching expenditure and by stimulating the supply of tradeables through improving the competitiveness of exports and the profitability of import-substitution. Lastly, because the volume and terms of foreign financing also affect domestic absorption and capital formation, policies pertaining to external financing also need to be considered as part of the adjustment strategy.

The adjustment programme put into operation in Sri Lanka in consultation with the IMF and World Bank represents a combination of all four elements outlined above. The underlying objectives were "to dismantle, over the widest possible area, the administrative controls over the allocation of resources, to shift resources from consumption to investment and to lay the foundations for accelerated economic growth and development as the only lasting solutions to the twin problems of inflation and unemployment. (Ministry of Finance and Planning, 1979.) The policy break from the past is now well documented and the "advice and guidance of the World Bank and the IMF behind this policy package are now established beyond contest", (Upanathi, 1986.)

The policy measures adopted in Sri Lanka under the structural adjustment programme included the dismantling of prices and import controls, liberalisation of trade and payments, curtailment of state procurement and distribution of basic commodities, curtailment of heavy consumption oriented subsidies, provision of adequate production incentives, interest rate reforms, unification of the exchange rate at a much depreciated level, and introduction of a flexible exchange rate system. The new package was accompanied by an ambitious public investment programme concentrated on the accelerated Mahaweli hydro-power and irrigation project, urban development, housing development and establishment of an investment promotion zone. The implementation of the package required mobilising a considerable amount of foreign resources to supplement domestic savings.

3. The Situation of Women

Changes in the situation of women in Sri Lanka have been determined by the interplay of macro-policies and socio-cultural norms. Women have shared in the benefits of social policies. Their overall literacy rate rose from 46.2 per cent in 1946 to 82.8 per cent in 1981 and gender differences narrowed from 30 percentage points in 1946 to 8 percentage points in 1981. Gender disparities in educational participation were rapidly reduced and were minimal from the sixties. Maternal mortality declined from 15/1000 in 1946 to 1/1000 in the late seventies, when life expectancy for women was 66 years, compared with 64 years for men. It has been estimated that the physical quality of life index in the seventies was 79.7 for men and 78.1 for females (Sumanasekera, 1981). District-wide statistics, however, indicate socio-economic inequalities that affect the access of men and women to services.

The majority of women in Sri Lankan society traditionally worked side by side with men in the subsistence economy. In more recent times they have been engaged extensively in economic activities in plantations and new settlements, in modern industry, in professional employment (chiefly in the health and education services), and in domestic and other personal services. Norms of domesticity have nevertheless largely relegated women to the role of secondary earners, and stereotypes of gender-appropriate economic activities have confined most of them to the lower levels of the employment structure or to culturally demarcated 'feminine' areas of employment. Likewise, official labour force participation rates have been low, 20-30 per cent, while the large number of women in the informal sector are invisible in statistics. Women have had equal access to education but unequal access to employment, and since the early seventies their unemployment rates have been at least double those of men.

The centrality of the role of the women in the family affects the performance of other roles, and the glorification of the status of motherhood tends to overshadow gender inequalities within and outside the household. While the lines between the 'public' and 'private' domains of women have always been blurred, economic and domestic tasks have reduced the time available to most women for activities in the wider community.

4. The Study

As elsewhere, women in Sri Lanka tend to be subsumed in the family or household as targets of policies and plans. Their productive and reproductive

roles and their economic and domestic responsibilities, however, make them vulnerable to external forces that impinge on the household. The implementation of structural adjustment policies is therefore likely to have different effects on men and women. While relevant gender-specific disaggregated data are not always available, this study seeks to examine the impact of such policies on women and to identify measures that are necessary to support them and improve their situation.

In view of the need to ensure human rights, distributive social justice, and a satisfactory quality of life within the context of economic growth, the consequences of adjustment policies on sex equality are examined in three respects : access to assets, resources, skills and services; allocation of resources within the family; and the division of labour within and outside the household. Macro-economic concepts and social realities as reflected in the lives of women are brought within this framework.

The study starts by examining macro-data in order to analyse the impact of the adjustment experience on external sector policies, public finance and taxation, pricing and wages policies, employment and income distribution, money and credit policies, and privatisation. It then reviews the findings of micro-level studies so as to identify the problems of the groups of women who have been most affected by these policies. In conclusion it suggests strategies for assisting women to perform their multiple roles better as well as for changing adjustment policies to provide them with more support in those roles.

II. IMPACT OF STRUCTURAL ADJUSTMENT POLICIES: MACRO-ASPECTS

1. Trade, Payments and Exchange Rate Policies

With the liberalisation of trade and payments in 1977, import quotas were replaced by tariffs. The system under which imports had been regulated through foreign exchange allocations was dismantled. The number of items requiring an import licence was drastically reduced, while the tariff structure was revised and simplified. A Tariff Committee was appointed to keep the new system under close review and develop a rationalised tariff structure. On the export side, duties on the three major plantation products - tea, rubber and coconut - were reduced. An Export Development Board was set up in 1979 to encourage non-traditional exports through the formulation of an export development plan and the management of a range of export activities. An Export Processing Zone (EPZ) was created to provide incentives to foreign investors and a Foreign Investment Advisory Committee (FIAC) established to promote investment outside the EPZ. All these measures were supplemented by a supportive banking and financial structure.

In exchange rate policies, the most important reform was the adoption in 1977 of a flexible (managed floating) system. Although during previous policy regimes ad hoc adjustments had been made in the exchange rate, despite adverse developments in the balance of payments, the Sri Lankan authorities (both politicians and policy planners) preferred not to devalue the Rupee for fear of causing a rise in the cost of living, especially among the low-income households to which a large number of women belong. In the meantime, a much depreciated exchange rate had been maintained through the Foreign Exchange Entitlement Certificate (FEEC) scheme so as to encourage non-traditional

exports and discourage the demand for non-essential imports¹.

Therefore, even in the choice of an appropriate pricing policy for the national currency, distributional and welfare implications had taken precedence over economic growth. However, with the introduction of the flexible exchange rate system in 1977, the official rate was devalued by 46 per cent and put at a unified rate of Rs.16.00 per US Dollar. By the end of 1982 the Rupee had depreciated by 48 per cent against the US Dollar, 63 per cent against the Pound Sterling and 74 per cent against the Japanese Yen².

The stance of exchange rate policy has been to avoid undue appreciation of the Rupee in real terms, and has been accomplished by adjusting the nominal exchange rate for the inflation differential between Sri Lanka and its major trading partners, so that the price competitiveness of domestic products is not eroded. After making allowance for the non-policy related adverse domestic and external factors, it should be noted that these trade, payments and exchange rate policies have been quite successful with respect to economic growth and employment (Table 1). For example, they helped to generate a reasonable growth in non-traditional exports, which in real terms rose by more than 15 per cent during 1977-87 against stagnant or negative growth during 1970-77. Total exports in real terms grew by 6.0 per cent between 1980 and 1987. However, imports increased at a much higher rate, thereby widening the trade gap (Table 1).

With the completion of the initial IMF Stand-By and Extended Fund Facility arrangements, the ratio of investment to GDP rose from 16 per cent in 1978 to 30 per cent in 1982. The economy was able to maintain a growth rate of 5 per cent compared to 3 per cent during 1970-77. Due both to policy induced and non-policy related factors, the rate of unemployment declined from 25 per cent to 14 per cent by the end of 1982.

In some other respects, the performance of the economy was not satisfactory. Adverse consequences of an ill-balanced public investment strategy were aggravated by unfavourable terms of trade and a worsening external debt profile. The increase in the debt burden due to large commercial borrowings is evident by the rise in debt service rates to about 25 per cent of earnings from exports and the rise in the debt/GDP ratio to over 60 per cent by 1987. In order to correct the remaining imbalances another IMF-supported Stand-By arrangement was launched in 1983, aimed at containing inflation at an average 13 per cent in 1983 and bringing it down gradually to about 8 per cent and reducing the current account deficit in the balance of payments to under 11 per cent. This programme was interrupted before its completion, largely due to the temporary improvement in the balance of payments with the tea boom that started in July 1983.

1. About 25 per cent of exports and 64 per cent of the imports and more than 90 per cent of the services were transacted at the FEECs rate, which after 1972 included a 65 per cent premium over the official rate. This system was abandoned with the policy reforms of 1977.

2. These rates have been calculated from the change in the foreign currency equivalent of the Sri Lanka Rupee.

Table 1
SELECTED ECONOMIC INDICATORS, 1970-87

Year	Growth Rate (Real) (%)	Per Capita Income (%)	Change in CPI (%)	BOP Cur.Ac. to GDP (%)	BOP Tr.Ac. ² to GDP (%)	Foreign Assets to Imports (Months)
1970	4.10	2.00	5.90	-2.60	-0.23	1.90
1971	0.90	-1.10	2.70	1.50	-2.00	2.20
1972	3.40	1.40	6.30	-1.30	-1.70	2.80
1973	4.00	2.90	9.70	-0.90	1.60	3.80
1974	3.20	1.70	12.30	3.80	-5.80	2.20
1975	2.70	1.10	6.70	2.90	5.30	2.00
1976	2.80	1.20	1.20	0.20	-2.80	1.80
1977	4.40	2.80	1.20	8.50	0.90	2.70
1978	8.90	7.00	12.10	2.40	-5.60	4.30
1979	6.40	4.40	10.80	6.80	-13.90	4.00
1980	5.60	3.90	26.10	16.40	27.30	3.40
1981	4.10	2.40	18.00	-10.10	-18.40	2.20
1982	5.10	3.10	10.90	11.90	-20.40	2.70
1983	5.00	2.50	14.00	9.90	18.00	3.00
1984	5.10	3.90	16.60	3.60	-7.40	3.20
1985	5.00	3.70	1.50	7.00	-12.20	4.40
1986	4.30	2.70	9.10	-6.60	-11.90	4.40
1987	1.50	0.10	10.30	-5.20	-10.50	3.00

1. BOP Cur.Ac. = Balance of payments current account.

2. BOP Tr.Ac. = Balance of payments trade account.

Source: Central Bank of Sri Lanka.

Although Sri Lanka was able to achieve commendable results as regards economic growth, overall employment, resource allocation and export diversification, there were several set-backs affecting inflation, income distribution and the socio-economic welfare of the poverty groups (particularly women).

The depreciation of the Sri Lanka Rupee became one of the most significant factors affecting the inflation experienced after the policy reforms. Three major official indicators - namely, the Colombo Consumer Price Index (CCPI) calculated by the Department of Census and Statistics, the Wholesale Price Index (WPI) computed by the Central Bank of Sri Lanka, and the GDP deflator - are available to measure inflation rates. All three reflected a substantial rise in the inflationary pressures in the economy. Depreciation affected all of them directly through the Rupee price increase in exported and imported goods and indirectly through the impact of those price increases on domestically produced and consumed goods.

The immediate direct impact of Rupee depreciation is felt on exports and imports. For example, the CCPI has a weight of 5 per cent for exports, 35 per cent for imports and 60 per cent for domestically produced and consumed goods. Therefore, if the Rupee is depreciated by 10 per cent, the CCPI would increase by 4 per cent due to price increase of exports and imports. However, the final impact of depreciation on domestic inflation will depend on a number of factors, such as the changes in demand for goods and services and domestic supply response of both tradeables and non-tradeables.

The CCPI has risen by an annual average of 12.4 per cent since 1978 and by 186.6 per cent between 1978 and 1987. While the depreciation of the Sri Lanka Rupee influenced domestic inflation during this period, other factors such as the increase in foreign currency prices (world prices) of tradeables, and expansionary fiscal and monetary policies also had a significant impact. The prices of all basic commodities such as rice, wheat, sugar, rose considerably as a result of the depreciation. On the other hand, it benefited producers of tradeables³ as well as exporters and foreign investors. But at the same time, consumers (including women) whose nominal income did not keep pace with rising inflation suffered major losses in real income which adversely affected their standard of living.

2. Money and Credit Facilities

An essential feature of the IMF-supported structural adjustment programmes has been the recommendation for maintaining positive real interest rates and the imposition of aggregate ceilings on domestic credit expansion as part of conditionality. The objectives are to control inflationary pressures in the economy, mobilise financial savings and manage the budget prudently. However, it is up to the national authorities to decide on the distribution of credit and on other aspects of money and credit policies.

During most of the years under study real interest rates remained positive, leading to a significant rise in the private financial savings. For

3. If the rupee price of domestically purchased raw materials and the nominal wages of domestically hired labour do not rise at the same rate as the currency is depreciated, there will be a net gain to producers.

Example, time and savings deposits with the commercial banks rose from Rs.4,627.6 million in 1977 to Rs.43,664.8 million by the end of 1987, an increase of 193 per cent in real terms (i.e. using the CCPI as deflator). Banking facilities were also developed to encourage private savings, and a non-resident foreign currency accounts scheme was introduced to provide an incentive to remit incomes from foreign employment. In addition, existing institutional arrangements to channel credit for productive purposes were expanded and new schemes developed. Expansion of the medium- and long-term credit facilities, export credit refinancing schemes and the introduction of regional rural development banks are positive steps taken under the overall structural adjustment policies to develop the credit and financial structure in Sri Lanka. These may well have affected everyone but it is extremely difficult to indicate how specific groups have benefited from them. Available macro-data on the bank portfolios are not sufficient to undertake a gender-specific analysis or to determine how much of the total increase in bank lending has reached the poor. But it is difficult to imagine that access to credit facilities has been significantly improved for those groups, including women, who are not able to provide acceptable collateral to prove their credit worthiness.

3. Privatisation

As with all macro-economic policies introduced since 1977, privatisation does not discriminate between men and women. The ideology behind public policy since that date has been to accelerate economic growth through more and more participation by the private sector. Public sector monopolies in several key areas - such as the import and distribution of basic commodities, the purchase and export of rubber through the Commissioner of Commodity Purchases; transport and communication - have therefore been abandoned. However, due to the heavy infrastructural development programmes undertaken by the Government, private sector contribution to gross domestic capital formation remains at around 50 per cent, without showing any substantial deviation from trend.

The privatisation programme also entails more foreign participation in economic activities. Two major institutions, the Greater Colombo Economic Commission (GCEC) and the FIAC already mentioned, were created to provide adequate incentives to encourage inflows of foreign private capital in the form both of direct investment and of loan capital. While the economy responded positively to these policy changes, the deteriorating domestic investment climate meant there has been some slow-down in private sector investment, particularly since the 1983 ethnic disturbances.

Currently Sri Lanka is undertaking a three-year structural adjustment programme aimed at raising the GDP growth rate to 5.5 per cent from 3 per cent in 1987; reducing the annual inflation rate to about 7.5 per cent from 10 per cent in 1987; and reducing the current account deficit to 8.2 per cent of GDP (IMF, 1988). Among other measures, the intended structural policies include the enhancement of the privatisation programme and the reform of public enterprises in order to attract more private sector participation in economic activities.

While the macro-implications of the privatisation programme are not expected to have any specific impact on women as compared with men, specific groups of women may be affected differently. Micro-level studies are therefore necessary to identify any impact on women.

4. Employment

As highlighted earlier, between 1977 and 1985 the Sri Lanka economy recorded the highest rate of GDP growth since Independence, doubling in real terms from an average of 2.9 per cent per annum in 1970-77 to 5.8 per cent⁴. Corresponding to this performance, employment increased for both men and women. Female unemployment as a percentage of the female labour force declined from 36 per cent in 1973 to 25 per cent in 1978/79, 23 per cent in 1980/81 and 21 per cent in 1985 (Table 2). The reduction in the rate was faster than for males in the post-1977 phase, which is particularly significant in a context of the rising labour force participation rate (LFPR) for females (e.g. 15.6 per cent in 1980/81; and 20.1 per cent in 1985/86) and growth in the female population of working age of around 2 per cent a year. In 1985 Sri Lanka had 1.55 million women in employment, a 370,000 more than in 1980.

On the pay front, nominal minimum wages increased substantially for both males and females in trades covered by minimum wage legislation (Table 4), although much of the gain was eroded by price inflation. Differences in minimum wages for males and females persist in the manual grades, with the notable exception of the tea and rubber sectors where rates were equalised in April 1984. These differences generally contracted during the 1980s in the formal sector controlled by the Wages Board (Rodrigo, 1988), but the gender differential in earnings remains considerable.

Overseas employment opportunities for Sri Lankan women also expanded, reflecting the petroleum boom in the Middle East and the liberalised travel policy introduced in 1977 as part of the economic reform package. Sri Lanka is one of the few countries in Asia which permits female emigration for domestic service, and of some 200,000 Sri Lankans estimated to be working in the Middle East, over 40 per cent are probably female (records indicate that in 1980 and 1981 just over half those embarking for employment overseas were women). Inward remittances from migrants - male and female - were estimated by the Central Bank to be over Rs.7.5 billion in 1986. The proportion of the total from female workers was substantial though less than their share in emigration. There is evidence of women emerging as the principal cash earner in more low-income families - a phenomenon associated with employment overseas and with internal developments such as enhanced female employment opportunities in the EPZ.

The aggregate picture, however, also needs to be analysed in its structural dimensions, since different groups of female workers have been affected differently by adjustment strategies. By occupational status, a comparison of the Labour Force and Socio-economic Survey (LFSES) 1985/86 data with data in previous Survey (Table 2) points to a decline in the share of paid employment and a marked rise in the proportion of unpaid family workers. In fact, of the employment opportunities that opened between the times of the Surveys of 1980/81 and of 1985/86, approaching to half were in unpaid family work. Own account work (self-employment) accounted for another 28 per cent. In 1985, self-employment absorbed 18 per cent of the employed females, compared with 13-14 per cent at the beginning of the decade (LFSES, 1980/81;

4. The corresponding rate for the 1950s and the 1960s ranged between 4-4 $\frac{1}{2}$ per cent per annum.

Population Census, 1981). It is also pertinent to note that even within the paid employee category, almost half were in casual employment in 1985⁵ (Table 2).

A disproportionately high element of unpaid family work is evidence of strain and stress in the labour market - a reflection of disguised unemployment rather than a signal of prosperity and stability. It is also an indication of the increasing involvement of women in dual roles and testifies to the use of female labour as an adjustment variable to sustain family income. The bulk of unpaid family workers are concentrated in agriculture. Both demand and supply factors played their part. In a situation of production-cost escalation (rising wages and cost of chemicals, fertilisers etc.) when ability to employ hired labour is impaired, one possible adjustment is for households to use family labour to sustain output. Another possible interpretation is that the labour surplus was pushing females into some kind of activity participation irrespective of the reward. Combined with the household duties of the women affected, the phenomenon nevertheless implies a situation of women having to work longer hours in their combined roles without any direct pay or benefit except through the household income.

Disaggregating by age, the employment rate (employment to labour force ratio) increased between 1980/81 and 1985/86 for the three youngest age groups (10-29 years) and declined for all others (Table 3). The most prominent increase was in the 10-14 age group (16 percentage points), hinting at a substantial increase in child employment, particularly among females. This again is a 'distress' signal rather than indication of an improving labour market. Unemployment rate was highest in the 15-29 age group (at over 35 per cent).

Disaggregating employment performance by sector, the Surveys show that as much as two-thirds of the increase in female employment between 1980/81 and 1985/86 originated in agriculture (International Standard Industrial Classification (ISICI), which also includes forestry, hunting, fishing and animal husbandry). Manufacturing (ISIC 3) accounted for 14.5 per cent, and community, social and personal services (ISIC 9) for another 9.5 per cent (Table 3). Between 1980/81 and 1985/86 the ratio of female to male workers increased from .38 to .49 in ISIC 1, from .50 to .80 in ISIC 3, and from .50 to .67 in ISIC 9. The evidence hints at some substitution of female labour for male labour. The higher ratio in the manufacturing sector is particularly noteworthy, and suggests a pattern of employment generation which had become more favourable to women.

Relating the trends in female employment to those in the growth of output, it is of interest to note that in agriculture the high female absorption took place against an average growth in output of only 3.9 per cent per annum during 1978-85 (PIP). Within agriculture, employment in the commercial tree crop sector fared poorly (an average fall of 1.7 per cent during 1970-77 and an increase of 1.8 per cent in 1977-85). Census data for 1971 and 1981 show that female employment in tea declined while in rubber the increase was only marginal. In contrast output of paddy and other food crops grew on average by 3.5 per cent in 1970-77 and by 4.5 per cent in 1978-85;

5. Attention needs however to be drawn to the fact that the compilations used in the Surveys are based on the 'current status' definition, i.e. are based on a one-week reference period.

Table 2
TRENDS IN FEMALE EMPLOYMENT AND WAGES, 1971-85

	Census 1971	CFS 1973	Census 1981	LFSES ¹ 1980/81	CFS 1981/82	LFSES ¹ 1985/86	Increase, 1980-1985 (000)	Increase, 1980-1985 (%)
<u>Employment</u>								
Female labour force(000)	1175.70		1280.30	1535.70		1957.40	421.7	27
Employed	810.40		870.80	1181.80		1550.40	368.6	31
Unemployed	365.20		409.50	354.00		407.00	53.0	15
Unemployed as % of labour force, female	(31)	(36)	(32)	(23)	(21)	(21)		
Distribution of employed females(000)								
Employers			7.3(0.8%)	3.5(0.3%)			13.8(0.9%)	10.2
Paid employees			707.5(81%)	827.9(70%)			905.9(58%)	78.0
Regular							458.30	
Casual							447.60	
Self-employed			115.7(13%)	158.5(14%)			274.8(18%)	106.2
Unpaid family worker			40.2(5%)	181.8(15%)			356.00(23%)	174.1
<u>Wages</u>								
	1971	1973	1977	1980	1985	1987	Increase	%
Index of minimum wages, male & female								
All Wages Boards ²	145.30	169.90	308.80	690.20			124	
1952 = 100				147.30	247.90	261.30		
Dec.1978 = 100								68

Notes:

1 LFSES 1980/81 and 1985/86 data from the first two round of both surveys; hence the information applies to 1980 and 1985 respectively.

2 Employment-weighted indices for all Wages Board workers computed by the Dept. of Labour.

Sources: Central Bank, Consumer Finance Surveys 1973 and 1981/1982 and Annual Report; Dept. of Census and Statistics, Labour Force & Socio Economic Surveys 1980/81 and 1985/86 (first two rounds); Census of Population 1971 and 1981.

Table 3
FEMALE EMPLOYMENT BY AGE AND INDUSTRY, 1980-85

	LFSES*	LFSES*				
	1980/81	1985/86				
1. Age-specific employment rate, <u>(employment/labour force)x 100</u>						
Age	Rate	Rate				
10 - 14 yrs.	77.90	94.40				
15 - 19 yrs.	56.40	62.20				
20 - 29 yrs.	60.40	64.20				
30 - 39 yrs.	89.10	87.40				
40 - 49 yrs.	98.90	94.80				
50 - 59 yrs.	100.00	97.70				
60 yrs. & above	98.70	94.00				
All	77.00	79.20				
2. Female employment by industry						
			Increase	1980-1985	Female/Male Ratio	
			Number	As % of total increase	1980	1985
ISIC 1 Agriculture, hunting, forestry and fishing	602277	840544	238267	62.7	0.38	0.497
Mining, Quarrying	4932	8633	3701			
ISIC 3 Manufacturing	186760	288935	102175	14.4	0.5	0.8
Electricity, Gas & Water	1866	665	-1201			
Construction	12788	10551	-2237			
Trade, Restaurants & Hotels	85255	102809	17554	4.8	0.21	0.25
Transport, storage & communication	8289	7040	-1249			
Financing, Insurance etc.	14513	15089	576			
ISIC 9 Community social & personal services	217870	252899	35029	9.5	0.506	0.67
Not adequately described	47231	23245	-23986			
	1181781	1550410	368629	100	0.33	0.43

* LFSES data are from the first two rounds of each survey and therefore refer to 1980 and 1985 respectively.

Source: LFSE Survey.

much of the additional employment generated for females in agriculture was in paddy and related crops. In this connection it may be noted that certain elements in the public investment programme and the prices policy within the structural adjustment package favoured paddy. These included the massive investment in irrigation, the withdrawal of the free rice ration, and the restoration of free market trading for paddy. Another contributing factor was the new exchange rate policy (devaluation and floating) which facilitated higher floor prices (GPS price) at which the Government purchased paddy from farmers. The GPS price increased by 112 per cent between 1977 and 1986. Comparing output and employment performance during 1980-85, the magnitude of the increase in female employment in paddy production was 39 per cent compared to an output increase of 25 per cent. This is suggestive of some drop in labour productivity and a situation where females may have been falling back on agriculture as a livelihood for want of more remunerative outlets outside.

Turning to other sectors, although the growth of value-added in construction, transport and utilities rose to 6-7.5 per cent per annum in 1977-85 under the stimulus of the new economic strategy package, LFSE Surveys show that the number of females employed in these three industries declined between 1980/81 and 1985/86 (Table 3). In services, another high growth sector (7 per cent per annum) under the new strategy, the increase in female employment over this period was substantial, but not commensurate with the growth in output. In trade and commerce, female labour absorption between the two Survey periods was only 18,000, despite the stimulus provided by trade liberalisation.

The manufacturing sector merits a closer analysis in view of the structural changes that were introduced through the new policy package. Under these measures, growth in manufacturing value-added accelerated from an average of 1 per cent per annum in 1970-77 to 5.1 per cent per annum in 1977-84 (albeit erratically on a year to year basis). The thrust of the structural adjustment package was to stimulate production for export in respect of items in which the economy held a comparative advantage internationally.

As regards employment, Census data reveal a decline of some 4,000 female workers in the manufacturing sector between 1971 and 1981. Within this total, female employees declined by 37,000 in the textile industry and increased by 25,000 in the garment industry. The re-alignments brought about by the structural adjustment package, especially the trade liberalisation and withdrawal of subsidies, contributed directly to this result. For example, the high element of protection which had formerly sustained the domestic textiles industry was eliminated, as was the support which it had previously enjoyed in marketing and raw material procurement, preferential access to public resources, production of cotton yarn etc. Associated with these and other factors, the industry suffered a reversal, with the number of handlooms estimated to have dropped from about 110,000 in 1977 to some 15,000.

Among other activities with a high female labour component to suffer from the liberalised flow of imports were pottery-making and certain agro-based industries such as treacle and jaggery-making, chillies, onions, pulses, grams and subsidiary grains.

Of course, other factors were associated with the fluctuating fortunes of different economic pursuits. Certain traditional handicrafts such as wood, cane, sea shells, reed, coir had expanded to meet the growing demand

from the tourists and the local urban population, but these suffered major set-back with the decline of tourism as the ethnic conflict flared into violence.

As for the expansion of employment in the garments industry, where female participation is typically high, this was one industry which received a strong stimulus from the export-oriented thrust of the structural adjustment package. Its expansion largely reflected the growth in the number of production units in the sectors located in the EPZs or covered by FIAC regulations, where foreign capital was attracted by a package of concessions to potential investors, low wage rates and the unfulfilled Sri Lanka MFA quota in developed country markets. Greater hospitality to foreign investment is a typical feature of the IMF/World Bank adjustment packages. Other EPZ/FIAC types of industry with similar characteristics include footwear, fishing gear and electronic assembly.

Despite foreign investment, the garment industry continues to occupy the lower half of the wage league (Table 4). The need to maintain international competitiveness is no doubt a major factor in the persistence of low wages, both among the traditional export crops and the new export-oriented lines of production.

The small and rural industries sector, which prior to 1977 had been promoted through quotas, tariffs, reservations, preferential access to public resources, marketing assistance, etc., also suffered a reversal under structural adjustment, when most of the supports were withdrawn and market forces given free play. A Ministry of Industries survey estimated a business failure rate of 20 per cent in this sector. Another survey (ARTEP, 1986) reported the contribution of small units (fixed assets below Rs.100,000/-) to manufacturing value-added declined from 6 per cent in 1977/78 to only 1.2 per cent in 1980, the most affected being spinning and weaving.

Imports at below cost price (against which small units could not compete) and the traditional Sri Lankan preference for imported products (partly for reasons of quality) are among the factors which contributed to the decline of small industries. The bigger establishments were able to improve their performance by taking advantage of liberalised access to imported raw materials and capital equipment, technical upgrading and opportunities for foreign collaboration. Small units therefore found themselves losing their place to larger-scale and more capital-intensive counterparts. An ARTEP study in 1986 found that many small firms had discontinued manufacturing and switched to trading. No doubt, in some cases their demise was part of an essential process of rationalisation and improvement of efficiency, but such a process was not without cost.

The plight of small firms and cottage industry units is important in view of their high labour intensity. The ARTEP study estimated that in the private sector small industries accounted for 64 per cent of employment and 30 per cent of manufacturing output, and they have of course also been an important source of income and employment to women.

Although the general situation for female employment improved under the new policy package, one-fifth of those in the labour market were still

Table 4
TRENDS IN FEMALE MINIMUM WAGES AND IN PRICES, 1970-85

	1970 Rs.	1977 Rs.	1980 Rs.	1985 Rs.	Percentage Increase		
					1977-85	1977-80	1980-85
1. Wages							
a. Private sector trades (unskilled females)							
Tea growing	2.45	5.09	10.85	21.07 ¹	314	113	94
Rubber growing	2.60	7.92	11.25	17.43 ¹	120	42	55
Coconut growing	2.50	4.76	11.09	13.59	186	133	23
Coconut manufacture	3.35	6.89	10.93	20.25	194	59	85
Tea export, rubber export	4.60	8.85	14.91	750.00 ²	228	68	95
Coir mattress & bristle fibre export	4.42	6.26	9.73	768.33 ²	372	55	204
Match manufacturing	3.33	6.40	9.40	18.00	181	47	91
Brick & tile manufacturing	4.49	6.44	12.96	15.68	143	101	21
Building	3.77	7.81	13.44	31.50	303	72	134
Garments manufacture	3.85	8.03	15.61	550.00 ²	163	94	36
Textiles manufacture			15.35	22.46			46
b) Government sector indices							
All central govt. employees							
1952 = 100	171.30	240.40	363.90		233	51	120
Dec.1978 = 100			129.10	284.30			
Teachers 1952 = 100	141.10	184.70	254.50		184	38	106
Dec.1978 = 100			120.10	247.30			
2. Prices							
Colombo consumer's price index (CCPI)					176	57	76
Wholesale price index(WPI)					179	64	64
GNP deflator					165	48	89
Special consumer's price index (SCPI)					231 ³	81	83 ³

1 Below 50 acres.

2 Monthly rate.

3 SCPI available only up to 1984. Figure for 1985 computed by adjusting 1984 figure by the 1.5% increase in CCPI for 1984/85.

Source: Wage data from Sri Lanka Labour Gazettes (Monthly/Quarterly); price data from Central Bank Annual Reports and Jayawardena et.al.1988.

without jobs in 1985⁶. Female unemployment was virtually double that of males and the incidence among secondary school leavers was much higher among females. The quality of new employment for women also left much to be desired. A substantial part was concentrated in the lower rungs of the occupational structure and paid low-wages⁷. While more outlets opened in the export-oriented manufacturing sector, there was a tendency for women to fall back on agriculture for survival despite a diminishing land-to-person ratio.

Many of the new outlets were for unpaid family work. The major thrust of females into casual and informal sector employment has far-reaching implications for labour welfare, since these categories do not come within the protective umbrella of labour (welfare) legislation, retirement benefit schemes or traditional grievance alleviation mechanisms operative in informal sector employment.

Under-employment is pervasive for both males and females. In 1981/82 22.9 per cent of the employed females were categorised as under-employed, compared to 18.8 per cent of the males. The Consumer Finance Survey of 1981/82 revealed that in the reference week, 31 per cent of the employed females worked less than five days. In the 1979/80 Survey, 28 per cent of the employed females in the sample were reported as working 15 days or less in the month preceding the date of the interview⁸.

Another source of labour misallocation is evident from the fact that most Sri Lankan women migrating for domestic service in the Middle East have had several years of secondary education, and that a significant number are reported as having qualifications of GCE Ordinary Level and above (Rodrigo and Jayatissa, 1988). The phenomenon of families sending their female members overseas for long periods of domestic service is evidently a 'distress' solution resorted to under compelling economic circumstances. Most were aged 25-39 years, at least two-thirds of them were married and of these, 58 per cent had two or more children, and a further 21 per cent had one child. Twenty per cent had children below five years of age (Rodrigo and Jayatissa, 1988).

The profile has far-reaching implications. Although much of the migration is short term (typically two year contracts), the withdrawal of this group of females from the household entails internal adjustments as older women and grown-up daughters are compelled to take additional burdens such as care of the sick, the aged and the siblings left behind, and miscellaneous household chores, for no monetary gain. (The increasing drift of married women to full-time jobs within the domestic economy has similar repercussions.) The concentration of migration in the low-income households, has served to relieve poverty.

6. Part of the reduction in unemployment was associated with the repatriation of Indian labour.

7. This is corroborated by other evidence (e.g. Lakshman, 1986).

8. Data in the CFS 1979/80 were computed on a different basis from those in the 1981/82 Survey, hence strict comparisons cannot be drawn.

5. Wages

In 1985 Sri Lanka had a little over 900,000 females as paid employees, 78,000 more than reported for 1980 (Table 2). They constituted 58 per cent of all females employed in 1985, a substantially lower proportion than the 70 per cent reported in 1980/81¹. An above average increase in self-employment and unpaid family labour meant these categories enlarged their share of female employment.

Of the total number of women paid as employees, one-sixth (150,000) were in the government cadre and between one-fourth and one-third were attached to the public sector, (including the nationalised estates). The share of the paid female workforce in estates amounted to around one-quarter, with about 175,000 of all paid female employees in this segment attached to state-owned estates.

Another important feature of female employment in the mid-eighties was that close to half of all paid employees were in casual employment (LFSES 1985/86). This element was highest in the rural sector, with two-thirds of the rural paid jobs.

Rates of pay in the formal sector are determined by several mechanisms: viz., the government decision-making apparatus in the case of public sector employees, and a structure of tripartite Wages Boards, Remuneration Tribunals, conciliation and arbitration procedures and collective bargaining in the private sector. Outside the formal sector, remuneration levels are left to market forces and individual negotiation. A salient feature of the wage scene of the 1970s had been the periodic granting of cost of living allowances by the government to cushion wage earners in the public sector against inflationary price increases (Rodrigo, 1986; Rodrigo, 1988), allowances which were extended by decree to cover the formal private sector as well.

The withdrawal of subsidies in the late 1970s under the adjustment package was accompanied by a state-decreed increase in the cost of living allowance component of wages, in both the public and the formal private sectors, which helped to arrest a decline in real wages. Although IMF/World Bank adjustment packages are typically associated with wage restraint, these allowances were made with the consent of the donors. Some pacificatory action had to be taken in order to make the new package palatable to the workers. From another perspective, the public sector had become attuned to a system of money-wage compensation accompanying any appreciable rise in the cost of living - a tradition which dated from the Second World War - and it was hard for an elected government to break away from the principle at one stroke. In the organised private sector, too, the principle of wage indexation had become entrenched in employer-employee bargaining as manifest in the different formulae adopted in the wage settlements negotiated to compensate workers for increases in living costs.

1. It should be noted that as a result of differences in definitions, these figures from the Labour-force and Socio-economic Surveys are significantly different from those of the Population Census, which reports 81 per cent of employed females as being paid employees.

Table 4 collates the minimum wage rates for unskilled female workers stipulated by the tripartite Wages Board machinery in 11 trades. In nominal terms an improvement is evident in all trades, though the pace of change was slower in some than in others. What is more relevant, however, is to determine what happened to the real wage. Instead of computing the real wage equivalents, Table 4 shows the respective rates of nominal pay increases along with corresponding changes in the Consumer Price Index (CCPI) and three other deflators - the Wholesale Price Index (WPI), the GNP deflator and the Special Consumer Price Index (SCPI). The conclusions in respect of real wages are highly sensitive to the price deflator used. For the structural adjustment phase taken as a whole, the picture that emerges is of real wage stagnation/deterioration in the majority of these private sector trades. The notable exceptions are tea growing and building, and the group of urban-based tea, rubber and coir fibre export trades. In tea growing, the improvement is largely reflective of the revisions of April 1984 which put the wages of female operatives on a par with those of their male counterparts.

Disaggregating wage and price performance by sub-periods, many trades suffered a decline in real pay in the late 1970s, despite the enhancement of the statutory money minima indicated in the Table. The majority of formal sector female employees also had their entitlement to free food rations withdrawn in January 1978 under the subsidy reform and hence the real impact was of adjustment more than a superficial comparison of figures would suggest. The 1980s saw some recovery from the deterioration of real wages in the preceding years in certain of the better organised sectors like the export trades. But the garment and textile industries were among the laggards and real wages also deteriorated markedly in the rural-based coconut growing and brick and tile industries.

The Table also provides some information on wages in the public sector. As gender-breakdown of the indices is not available, the All Central Government Employees Index has been used to represent the trends. In view of the concentration of females in the teaching profession (60 per cent of government school-teachers are female), the index for teachers is shown separately. The wage pattern is somewhat different from that of the private sector. Deflated by the CCPI, government employees seemed better off in 1985 than in 1977. For school-teachers, however, the improvement appeared very marginal. Furthermore if, instead of the CCPI, the SCPI is used to deflate the money-wage indices, a deterioration is evident for all employees. This conclusion needs clarification, however: the wage rates used in the calculation of wage indices are only the initial salaries and wages in each respective pay scale, which means that supplements such as increments, overtime etc. are excluded from the calculations.

Within this overall picture, a clear distinction emerges between the late 1970s and the early 1980s. Whichever deflator is used, real wages exhibited some improvement in the 1980s. This decade saw the reintroduction of automatic wage indexation in government service (November 1981-March 1983), periodic adjustments in the cost of living allowance supplements, and three general pay reviews for government employees. On the other hand further disaggregation reveals the pattern of real wage behaviour in the government sector was not one of uniform or consistent improvement, but of ups and downs or 'stop-go'. This observation holds in respect of both male and female employees.

This analysis of wage trends, albeit with the limited data available, enables some broad generalisations to be made on the impact of structural adjustment in this regard. Although, as already noted, structural adjustment policies typically incorporate wage restraint as a demand-management and cost-control measure, while as a general rule nominal wages tend to be rigid in a downward direction, the level of real wages in an economy can be altered indirectly. Possible approaches include upward adjustment of nominal pay rates at a pace less than proportionate to the rise in prices. The Sri Lanka experience illustrates an approach of this nature. The tradition of cost-of-living compensation or indexation which had become entrenched in the system of pay bargaining precluded a 'pay-freeze' in a context of rising inflation. Cost of living supplements therefore continued to be added to the pay packet, albeit providing only partial compensation for inflation.

A pertinent observation in respect of the government's policy on wages during structural adjustment/stabilisation is its deviation from the earlier policy of direct intervention by decreeing cost of living supplements to cover both public and private sector employees. This change was in line with the broad shift in policy away from intervention to market-determination. In the wage market, however, interventionism continued a little longer. As shown in the initial years of structural adjustment the government continued to decree living allowance supplementation. But after these interim adjustments, there was later in the 1980s an implicit retreat from such direct action, in that private sector wage outcomes were allowed to be determined by the normal machinery of tripartite Wage Boards, dispute settlement awards, collective bargaining and individual bargaining. In the process, employees lost access to a mechanism which had provided them with some protection in real wages during the crisis years of the 1970s, some part of the decline in real wages during the 1980s may therefore be attributed to this change of state policy.

Within the government sector itself some modifications in the original wage policy were also visible. Thus automatic wage indexation for government employees, which had been in operation from November 1981, was suspended in March 1983 and replaced by a system of cost of living adjustments on a half-yearly basis, thereby introducing a six-months time lag before wages were permitted to respond to price rises. This system remained operative until January 1985 when the cost of living supplements were frozen. These modifications provide evidence of finer tuning within the policy package. The policy was not tantamount to a wage freeze, since government employees benefited from three pay reviews in January 1982, 1986 and 1988. The frequency of these reviews would seem to be at variance with the policies normally called for under stabilisation/structural adjustment packages prescribed by the IMF and World Bank for indebted economies. The Sri Lanka experience also provided evidence of deviation from such standard policies on the fiscal management front.

To sum up, although the government made no open policy pronouncements clarifying its strategy on the wages front, the structural adjustment package did restrain real wages of both males and females. Different groups were affected differently. The unorganised trades with a high female component (e.g. garments, textiles) were among the most adversely affected, while the urban-based tea, rubber and coir fibre export trades made some headway through better bargaining capacity. By income groups, female workers at the lower end of the wage ladder were in a more disadvantageous position, and it is possible

that they had to work longer hours to make up for wage rate losses. In comparison, the higher occupational categories fared favourably, with enhanced work opportunities (professional allowances, contractual assignments, private practice/tuition) outside office hours etc. to supplement their pay packets. These had the consequence of widening income disparities within the paid workforce. In the subordinate grades, technical categories did better than the non-technical groups (clerks, for example) who had fewer available avenues for overtime and other extra earnings.

6. Incomes

Structural adjustment policies have had an impact on levels and distribution of income. Research studies for the post-1977 period have pointed to a pattern of income inequalities widening at the macro-level (Lakshman, 1986; Tilakaratna, 1988) but no sex-disaggregated analysis has so far been carried out.

In the Consumer Finance Survey (CFS) of 1978/79, 18 per cent of women in the sample female population were identified as income receivers (IRs). On this basis, the total number of female IRs at the close of the 1980s can be put at 1.25 million. On a similar computation based on CFS 1981/82 data, the figure is 1.17 million females (16 per cent of the female population), distributed in 2.9 million housing units. In the 1981/82 survey, 50 per cent of women in the sample were drawing a monthly income below Rs.323/- from all sources. On average the bottom 25 per cent of the sample drew below Rs.250/- and the top 25 per cent over Rs.700/-. Employment was the major source of income.

Female IRs constituted 25 per cent of all IRs in 1973, 30 per cent in 1978/79 and 28 per cent in 1981/82 (Table 5). The rise in the share between 1973 and 1978/79 was more marked in the urban sector (from 19 to 29 per cent) than the rural sector (from 20 to 27 per cent), but in the estate sector the corresponding share was not only much higher (around 50 per cent) but was also stable. The rising trend in the urban and rural sectors between 1973 and 1978/79 is suggestive of more income-earning opportunities opening up for women compared to men during this period. Between the 1978/79 and 1981/82 surveys, this trend appears to have been reversed, with the shares falling slightly in both the urban and rural sectors, and this may partly reflect the bias of the post-reform growth pattern towards commercial/mercantile activity. In the estate sector the share rose slightly from 50 to 52 per cent. Among the explanations to be explored in respect of the estates is the possible substitution of female for male operatives as part of a rationalisation drive in a context of a minimum wage differentiated by gender. It was not until April 1984 that male and female minimum wage rates for operative were equalised.

Of all female IRs in the 1981/82 survey, one-fifth were in the urban sector, rather more than reported in 1973. By 1981-82 around 60 per cent were in the rural sector, a proportion which also increased over the years. This accords with employment trends which, as described earlier, showed the bulk of the new jobs for women to have been concentrated in agricultural and related pursuits.

Macro-level analysis does not reveal the realities in regard to the low income strata of the population and these need to be examined separately.

Unfortunately, the nature of the data available precludes a disaggregated, gender-specific study extending up to the mid-80s. Some light can nevertheless be thrown on the distribution of income within the female IR category. As Table 5 reveals, the share of the bottom 50 per cent dropped consistently from 22 per cent in 1973 to 16 per cent in 1981/82. Correspondingly, the share of the top 10 per cent increased from 32 to 43 per cent. Thus, the pattern of development that emerged under the new economic strategy discriminated in its distribution of benefits; the higher income groups seem to have benefited more. A word of clarification may nevertheless be added. If for comparison purposes the bottom 40 per cent of women IRs is taken rather than the 50 per cent, their share in the aggregate would remain more or less stable between 1978/79 and 1981/82, suggesting that the middle-income groups were disproportionately hurt.

Turning to levels of income, both male and female IRs recorded an improvement in nominal incomes (1973-1981/82), with females having a slight edge in the percentage rate of increase (Table 5). Disaggregating by periods, however, male incomes increased faster in 1978/79-81/82. In the 1981/82 CF survey, 38 per cent of male IRS had a monthly income of over Rs.1000/- whereas only 15 per cent of females in the sample were in receipt of this level. No gender-specific data are yet available for the mid 1980s to monitor trends in the current decade. Between 1980 and 1987 per capita income in the economy increased by some 14 per cent per annum in nominal terms and close to 4 per cent in real terms, but to assume that incomes of all groups increased uniformly by this magnitude is unrealistic.

An analysis of trends in real income is highly sensitive to the index used to deflate nominal income. There are reservations about the reliability of the CCPI as a guide to the pace of price inflation; the general impression is that it underestimates the true rate of price increases. Two alternative measures are therefore also included in the Table. For the 1970s both the GNP deflator and the Wholesale Price Index (WPI) indicate a rate of price increase around double that suggested by the CCPI, but for 1980-85 there is broad agreement at between 12.5 to 13 per cent per annum⁹. For the 1970s the Special Consumer Price Index (SCPI) developed to overcome some of the deficiencies of the CCPI also points to a rate of price increase substantially higher than the CCPI.

Whichever deflator is used, an improvement in real income is evident between 1973 and 1978/79, but for 1978/79-81/82 the picture is one of stagnation or deterioration. The upward money-wage adjustments which accompanied the withdrawal of subsidies and the salutary effect which economic liberalisation and enhanced public spending had on output and employment in the immediate post-reform years contributed to the improved real incomes in the final quarter of the 1970s. Between 1978/79 and 1981/82, however, the momentum of GDP growth began to slow down. The macro-economic imbalances that had begun to surface led to a cut back in public expenditure programmes. The decline in real income is repeated for all age-groups other than for the open

9. The average rates of increase for 1980-84 were recorded as follows:
CCPI 14.3% GNP deflator 15%
WPI 17.3% SCPI 14.9%

Table 5
LEVELS & DISTRIBUTION OF INCOME OF FEMALE INCOME RECEIVERS, 1973-81/82

	1973	1978/79	1981/82	1973-81/82	Rate of Increase %	
	Rs. Cts.	Rs. Cts.	Rs. Cts.		1973-78/79	1978/79-1981-82
1. Levels of Income						
Female IRS, Median	82.62	201.00	323.00	291	143	61
Male IRS, Median	210.91	451.00	763.00	262	114	69
Male/Female Median	2.55	2.24	2.36			
2. Price Deflators						
CCPI 1952=100	165.40	227.8(1978)	375.4(1981)	127	38	65
WPI 1974=100	-	156.7(1978)	268.5(1981)	-	-	71
GNP Deflator 1970=100	126.50	232.5(1978)	382.2(1981)	203	84	65
SCPI	-			N.A.	N.A.	105
3. Distribution of Income						
Female IRS as % of all IRS	25	30	28			
Size Distribution of Incomes,						
Female IRS						
Share of Bottom 50%	21.6	18.3	15.9 ¹			
Share of Top 10%	32.5	38.3	43.0			
Share of Bottom 40%	15.5	12.5	12.6 ²			

¹ Bottom 48 per cent.

² Bottom 42 per cent.

Source: Central Bank, Consumer Finance Surveys & Annual Reports.

ended 55+ category (Table 6)¹⁰. Directly contributing to the observed decline in real income were the price-decontrol, exchange rate and subsidy withdrawal components of the structural adjustment package. The change in the government's approach to wages, away from its interventionist policy of the previous decade, would have also made a substantial contribution.

Generalising the impact of structural adjustment, the new exchange rate and pricing policies are likely to have worsened the situation of the poorer half of the population; but any assessment of their plight would also need to make allowance for the widespread operation of black markets, shortages and queues in the pre-reform years. The higher inflation of the post reform years 1977-33 is attributable in large measure to domestic economic policy. A cushion was provided by the Food Stamps Programme to the poorer half of the population in receipt of household incomes below the Rs.300/- cut-off level, but the stamps themselves were not indexed for inflation and their purchasing power declined steadily in the inflation that followed. In the estate sector, although female wages stood below Rs.300/-, under the typical pattern of two or more incomes per household, a large number of estate women lost their free rations and entitlement to food stamps. This would have seriously affected their management of household budgets. In the rural sector, where incomes declarations are not verifiable (e.g. such as from employers' records), the bulk of the population - male and female - continued to enjoy the food stamp facility.

The analysis thus far has been in respect of the employed and IR categories of the female population. Over three-quarters of the females receive no pecuniary benefit other than that accruing through the household. One-third of the female population are under 14 years and a further one-third are engaged in household work. Although the data base provides no information on these groups, some insight on the trends may be attempted through an analysis of household income data.

As revealed in Table 7, household incomes increased three to fourfold in nominal terms between 1973 and 1981/82 although a substantial part of this was eroded by inflation. Though economic growth slowed in the 1980s, per capita incomes grew at 3.5 to 4 per cent per annum during 1980-87, suggesting that the benefits had trickled down to the population in general, albeit in different degrees for different groups. Summary statistics on the size and distribution of income, brought together in the Table, enable some broad inferences to be made regarding the distribution of benefits. The Gini coefficient points to widening disparities over the period, confirming earlier conclusions about the benefits of growth being unequally distributed and favouring the upper income households. Correspondingly, the share of total income accruing to the bottom 40 per cent of households declined over the long term.

A pertinent point to note, however, is that the Gini coefficient for spending units is consistently lower than that for IRs. This is partly reflective of the benefits that flowed to the economy from increased employment opportunities. In 1981/82, an average household had 1.58 persons in employment compared to 1.45 at the time of the 1973 survey. The evidence favours a conclusion that, although the growth process under the new

10. The worst affected appears to have been the 14-18 year age group whose median income (nominal terms) stagnated at around Rs.150/-.

Table 6
 RECEIPTS OF FEMALE INCOME RECEIVERS BY AGE, 1978/79-81/82 MEDIAN INCOMES

	1973 Rs.	1978/79 Rs.	1981/82 Rs.	Percentage Change 1978/79-1981/82
Age Group of Income Receivers				
14-18 years		152.00	150.00	-1.6
19-25 "		202.00	281.00	39
26-35 "		253.00	342.00	35
36-45 "		255.00	333.00	31
46-55 "		304.00	430.00	41
Over 55 "		264.00	525.00	99
All Ages	83.00	201.00	323.00	61
(All Ages Male)	(211)	(451)	(763)	(69)
Prices				<u>1978-81</u>
CCPI				65
WPI				71
GNP Deflator				65
SCPI				105

Source: Central Bank, Consumer Finance Surveys & Annual Reports.

strategies did not by-pass the poverty groups as such, 'trickle down' was uneven in its incidence. Among groups who benefited were the households of migrants to the Middle East, professional and technical categories in the middle and higher levels, and the entrepreneurial categories.

III. THE IMPACT ON PUBLIC EXPENDITURE

Central to the liberalisation strategy that had been negotiated with the World Bank and the IMF (Jayawardena et al, 1987) was the necessity to secure foreign funding for a package of major projects which could turn the food subsidy into employment gains during the Government's term of office. The accelerated Mahaweli river basin development programme was a key element of this package and was to be funded partly out of funds released by the subsidy and partly by foreign aid mobilised by the World Bank.

Public sector investments were to be concentrated on the three 'lead' projects. These were: the multipurpose Mahaweli river basin power, irrigation and land settlement schemes which would stimulate growth in the rural sector, especially agricultural production; the housing and water supply schemes which would generate urban development; and the export processing zones which would offer attractive incentives to bring in private foreign capital, technology, production expertise, managerial and marketing skills to facilitate penetration of possible international markets.

The expansion of the public sector in industry (and in other sectors) was to be limited and attempts made to rationalise the operation of existing ventures. Government expenditure was to be directed to providing the basic infrastructural facilities for agriculture and industry, to increasing private sector participation in the development process, and to rehabilitating the existing social and economic infrastructure.

Government expenditures as a proportion of GDP (Table 8) was higher per annum during the late 1970s and beginning of the 1980s than later in the decade. As increasing emphasis was put on investment; the ratio between capital and current expenditures by government changed drastically from 1:2.9 in 1977, the ratio dropped to 1:1.1 in 1980, before recovering slightly to 1:1.7 in 1986. The pattern of expenditure also changed substantially. Welfare and social infrastructure expenditure declined both in aggregate and for individual major sectors. Expenditure on economic services doubled between 1977 and 1980 but fell back thereafter to a level only slightly higher than in the seventies. There was a quadrupling in transfers to public enterprises between 1971 and 1980 but a gradual decline in the eighties (Annex Table A.1 and A.2). Defence expenditure climbed rapidly after 1983.

This Section therefore discusses the expenditures of government departments and public sector enterprises together, in relation to two major functional areas: living standards and economic infrastructure. It concentrates on assessing these expenditures as they affect women, whether directly or indirectly as part of a household. Thus expenditures on most of the public enterprises listed in Annex Tables A.1 and A.2 will not be covered, due to the difficulty of tracing the impact on women or households of transfers to loss-making public ventures.

Table 7
LEVELS & DISTRIBUTION OF HOUSEHOLD INCOMES, 1973-1981/82

	1973	1978/79	1981/82	Increase		
				1973-81/82	1973-78/79	78/79-81/82
	Rs	Rs	Rs			
Monthly Income of						
Spending unit ¹						
Mean (Rs)	311	921	1,635	426	196	78
Median (Rs)	250	658	1,159	365	163	76
Price Levels						
CCPI				127	38	65
WPI				-	-	71
GNP Deflator				203	84	65
SCPI						105
Size Distribution of income of						
Bottom 40% of households	19.29	16.06	15.32			
Bottom 50% of households	26.74	22.65	21.67			
Top 10% of households	28.03	35.84	37.29			
Top 20% of households	42.95	49.87	51.81			
Gini Coefficient						
Income receives	0.41	0.49	0.52			
Spending unit	0.35	0.44	0.45			

¹ A spending unit is a group of persons who act as a unit in making decisions about spending; a household may consist of one or more spending units.

Source: As for Table 2.6.

Table 8
GOVERNMENT EXPENDITURE AS PERCENTAGE OF GDP, 1977-86

Category	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
Welfare expenditures	9.3	13.2	11.8	9.3	7.3	6.9	6.5	5.5	6.3	6.3
Food subsidy	4.3	5.1	4.6	0.5	0.4	0.1	0.1	0.1	0.1	0.1
Transfers to households	0.5	2.9	1.2	3.6	3.0	2.7	2.1	2.0	2.1	1.7
Education	2.7	2.7	2.7	2.8	2.4	2.5	2.3	2.0	2.5	2.6
Health	1.4	1.6	1.9	2.0	1.2	1.2	1.7	1.1	1.3	1.6
Other	0.4	0.9	1.4	0.4	0.3	0.4	0.3	0.3	0.3	0.3
Economic services	2.7	3.7	4.6	4.9	3.3	3.4	3.4	3.2	3.3	3.2
Agriculture and irrigation	1.2	1.2	1.5	1.8	1.3	1.4	1.6	1.4	1.4	1.3
Communications	1.2	1.8	2.7	2.5	1.6	1.4	1.4	1.5	1.4	1.5
Others ¹	0.3	0.7	0.4	0.6	0.4	0.6	0.4	0.3	0.5	0.4
Administration	3.0	4.5	4.9	4.8	4.0	4.8	4.1	4.2	6.2	5.0
Civil	2.4	3.2	4.1	3.5	3.4	3.0	2.8	2.8	2.6	2.6
Defence	0.6	1.3	0.8	1.3	0.6	1.0	1.3	1.4	3.6	2.4
Pension payments	1.1	1.1	1.1	1.2	1.1	1.4	1.5	1.5	1.7	1.6
Other transfers ²	3.4	9.0	8.8	12.4	10.6	13.2	11.0	10.7	10.8	9.7
Other payments ³	1.8	6.8	2.3	6.9	2.1	0.8	1.8	3.6	2.0	2.6
Interest payments	2.8	3.2	3.2	3.4	4.5	5.1	5.4	4.8	5.2	5.1
Total	24.0	41.5	36.7	42.9	32.9	35.6	33.7	33.5	35.5	33.5

1. This category consists of fisheries, manufacturing, mining and trade.
2. Transfers to local authorities, public corporations and other institutions and also abroad. The rapid increase in these figures is due to escalation in the capital transfers to public corporations.
3. Gross payments of trading enterprises, intra-governmental payments, acquisition of financial assets and net payment on account of operations financed through advance accounts. Includes expenditure of the Highways, Railways, Buildings and Departments.

Source: Central Bank of Ceylon Review of the Economy, various issues.

1. Expenditure for Improving Living Standards

The major change in the welfare area was the conversion in 1978 of the food ration and subsidy programme, in operation for the previous four decades, into a means-tested food stamps programme. This substituted income transfers to marginal groups for the specific nutritional objectives of the earlier programme and reduced its budgetary impact from 5 per cent of GDP in 1978 to 1 per cent in 1986. Allocations to the major sectors of education and health also declined as a percentage of GDP. However, housing and water supply expenditures, which were undertaken by the National Housing Development Authority and the Water Supply and Drainage Board, escalated from 0.2 per cent of GDP in 1977 to 1.8 per cent in 1984.

The Food Stamps Programme

Under the ration programme, a quota of rice, wheat flour and sugar was provided at varying levels of subsidisation by the Food Commissioner's Department to the entire population over one year of age (with the exception of income tax payers). Subsidised rice, flour, sugar, dhal and infant milk foods were also made available on the open market for much of the period. The food subsidy which emerged on account of these operations consisted of a consumer subsidy on food distributed through the ration programme as well as on the open market, and a producer subsidy on rice. The Government attempted to manage the food subsidy by cross subsidisation, varying the quantity of subsidised items and the prices at which they were made available.

In January 1978 the ration programme was restricted to 6,857,000 persons in households with annual incomes of less than Rs3,600/-. In September 1979 it was replaced by food and kerosene stamps for the same target group but covering 7,259,000 persons. No additions to the list of recipients were allowed after 1980; all new-born children and families experiencing subsequent loss of income were thereby excluded.

The value of the stamps was initially determined so to provide the same basket of goods as ration-holders had been receiving at that time. However, in January 1980 prices of subsidised essential food commodities were allowed to rise sharply; they continued to climb gradually thereafter, eroding the real value of the income transfer. A residual subsidy on infant milk foods was maintained but the subsidisation of other food commodities practically ceased.

The removal of the 'safety net' on the food consumption of low income groups, which had been provided by the ration, combined with the continuous erosion of the real value of the stamps and a decline in the real incomes of the poor (Alailima, 1980), resulted in serious calorie deficiencies being experienced by the poor. Although the Consumer Finance Survey data showed that daily per capita consumption had been maintained at adequate levels in general (i.e. 2283 calories in 1978/79 and 2271 in 1981/82), the per capita calorie consumption of the poorest 40 per cent of the population dropped to 1834 calories in 1978/79 and 1865 in 1981/82 (Wijesinghe, 1986), while that of the lowest decile fell to the unrepresented level of 1181 (Edirisinghe, 1987). In contrast, the upper 60 per cent of the population increased their daily intakes from 2574 to 2700 calories per capita during these years (Wijesinghe, 1986). In 1969/70, when the ration was in operation, the daily per capita

calorie consumption of the bottom 40 per cent was 2064 and that of the rest of the population 2352 (Department of Census and Statistics, 1972).

Education

Sri Lanka's education system is highly accessible in a physical sense, as the school network reaches out into the remotest parts of the island. Government has a near monopoly of the education services provided and financial access for the population is facilitated through the provision of free tuition, free textbooks, subsidised transport, scholarships for about 5000 poor children, and a school biscuit programme.

Census data suggest that participation of children and young people in education was not affected by the decline in financial support for the education system. In fact, a substantial improvement in the participation rate was evident at all levels during 1971-81 (see Table 9) and this was also reflected in improved literacy rates.

Table 9
LITERACY AND EDUCATION PARTICIPATION RATES BY
AGE AND SEX, 1971 and 1981

	1971			1981		
	Male	Female	Average	Male	Female	Ave.
Literacy rate ¹	85.6	70.9	78.5	90.5	82.4	86.5
Education participation rate ²						
(Age groups)						
5 - 9 years	61.6	60.2	60.9	84.5	84.1	84.3
10 - 14 "	72.1	67.6	69.9	82.9	81.6	82.3
15 - 19 "	36.5	32.4	34.5	41.1	42.9	42.0
5 - 19 "	57.9	54.6	56.3	70.0	70.0	70.0

¹ 10 years and over

² Estimated number of students as a percentage of population in that age group.

Source: Department of Census and Statistics, 1982.

Special tabulations of students by household income group obtained from survey data show that in the general improvement in education, the participation rates of the poor also improved substantially (Table 10). In the 5-9, 10-14 and 15-19 age groups these rates increased faster than for the non-poor, thereby narrowing the disparity that had existed in 1970.

Table 10
**EDUCATION PARTICIPATION RATES¹ OF THE POOR² AND
 NON-POOR BY AGE, 1969/70 AND 1980/81**
 (per cent)

Age Group	1969/70			1980/81		
	Poor	Non-Poor	All	Poor	Non-Poor	All
5 - 9 years	68	78	74	71	77	74
10 -14 "	73	83	79	80	85	83
15 - 19 "	29	43	39	40	50	46
20 - 24 "	3	9	7	5	11	8

¹ Number of persons declared as 'students' taken as a percentage of the total population in that age and income group. The age of entry into school was 5 years in both years.

² The poor are defined as the bottom 40 per cent of the population.

Source: Department of Census and Statistics, special tabulations 1978 and 1983.

Table 11
RATIO OF MALE TO FEMALE STUDENTS IN SCHOOLS, 1970, 1979, 1984

	1970		1979		1984	
	Male	: Female	Male	: Female	Male	: Female
Lower Kindergarten			107	: 100	106	: 100
Grade 2	114	: 100 ¹	106	: 100	109	: 100
Grade 5	112	: 100 ²	104	: 100	105	: 100
Grade 8	108	: 100	96	: 100	96	: 100
Grade 11	94	: 100 ³	89	: 100	75	: 100

¹ Includes Grade 1.

² Includes Grades 3 and 4.

³ Includes Grade 12.

Source: Annual Schools Census, Ministry of Education, unpublished data.

There was, however, a slight increase in 'school avoidance' rates between 1978/79 and 1981/82; most drop-outs were from the low-income groups. For the 5-9 age group the rates increased from 17.6 to 19.9 per cent; for the 10-13 age group, from 6.8 to 7.1 per cent; and for 14-18 age group, from 7.2 to 8.9 per cent. Literacy centres were started in 1981 for 6-14 year olds who were not in school; 7,622 children, 51 per cent of whom are girls, were enrolled in 223 centres.

The participation of girls in the general education system was high. They were almost equally represented in the lower grades and exceeded the number of boys in the higher ones (Table 11).

At university level, girls were well represented in almost all courses except engineering and veterinary sciences, and the percentage of female undergraduate entrants increased steadily from 39 per cent in 1976 to 45 per cent in 1986/87 (Table 12).

In vocational education, there was a threefold expansion in intakes into government training programmes in response to the demand for skilled labour, both from local industry and from abroad, and the participation of women increased substantially at this level too (Table 13). However, gender differentiation tended to be reinforced by the vocational courses provided. For instance, in Technical Colleges, while 62 per cent of the men were involved in technical and craft courses, and 35 per cent in commerce courses, the corresponding proportions for women were 23 per cent and 70 per cent. The proportion of women attending Vocational Training Units, technical education units, and Youth Council centres, who were involved in sewing and dress-making courses, were 99.8 per cent, 89 per cent and 77 per cent respectively. As job opportunities in these areas were not commensurate with such numbers, the women found it difficult to get employment (Ariyadasa, 1985).

The decline in public funding for education did appear to have affected the facilities provided in the general education system. "Today there are small schools where the children do not even have mats to sit on", reported UNESCO in 1982. In 1984 many schools did not have water supplies (19 per cent) or toilet facilities (25 per cent) and in some districts the shortage of furniture (desks, chairs, blackboards) had reached 50 per cent (Ministry of Education, 1986). Consumables and teaching aids were particularly affected.

The quality of education provided throughout the education system may also have been affected. Kariyawasam and Wanasinghe (1982) found that the performance of primary school children was "not up to standard even in the best schools in both mathematics and reading" (p.1). Technical Institutes, which provided the only formal technical and vocational training in the public sector, had very low pass rates. Some evidence of variation in the quality of education provided by different universities also emerged (Jayasuriya, 1986).

Health

The public sector plays a significant role in the provision of health care in Sri Lanka, but it is not the sole provider. In 1978/79 it treated 45 per cent of the sick (43 per cent were treated by Western Services and 2 per cent by Ayurveda). In 1981/82, 48 per cent of the sick had recourse to public curative services (46 per cent went to Western Services, 2 per cent to Ayurveda). The public sector provides virtually all preventive health services, most of the inpatient treatment and about two-fifths of outpatient treatment. Treatment is free.

Mortality levels continued to improve in the post-liberalisation period. Crude death rates declined from 7.4 per 1000 population in 1977 to 6.0 in 1984; infant mortality rates fell from 42 per 1000 live births in 1977 to 23 in 1983. In general, female death rates were lower for all age groups

Table 12
PROPORTION OF FEMALE UNDERGRADUATE UNIVERSITY ENTRANTS,
SELECTED YEARS, 1976/77-1986/87
(per cent)

	1976/77	1979/80	1983/84	1986/87
Arts	49	45	54	53
Science	33	37	37	47
Medicine	n.a.	50	42	42
Commerce	31	36	41	49
Agriculture	27	30	35	40
Architecture	16	18	18	43
Veterinary Sc.	50	48	35	30
Engineering	8	17	14	14
Dentistry	n.a.	48	32	48
Law	45	40	46	55
Management	-	-	-	41
Average	39	40	42	45

Sources: Women's Bureau 1985; University Grants Commission, 1986, 1987.

Table 13
FEMALE STUDENTS IN TECHNICAL AND VOCATIONAL EDUCATION,
1973 AND 1986

	1973		1986	
	All Students	% Female	All Students	% Female
Technical Colleges	8453	14.9	18047	38.2
Technical Education Units	7235 ¹	78.7 ¹	17668	69.3
Vocational Training Centres	1480	5.9	9550	61.0
National Apprenticeship Board	768	2.6	4633	24.9
National Youth Council Centres	-	-	1377 ²	49.4
Small Industries Centres	n.a.	n.a.	4953 ³	60.6

¹ Figures for 1978.

² Figures for 1987.

³ Figures for 1987.

Source: Perera et al, 1988.

except the 1-4 group, this possibly related to greater malnutrition for girls during the weaning period. Life expectancy for women in 1981 was 72 years compared to 68 years for men. A slight increase in morbidity, however, appeared to have taken place between 1969/70 and 1981/82 (Table 14) both for the poor and for others.

Table 14
PERCENTAGE OF POPULATION SEEKING MEDICAL TREATMENT, SELECTED YEARS

	1969/70			1978/79			1981/82		
	Poor ¹	Non-Poor	All	Poor ¹	Non-Poor	All	Poor ¹	Non-Poor	All
Urban	7	6	6	7	7	7	n.a.	n.a.	n.a.
Rural	9	8	8	10	7	9	n.a.	n.a.	n.a.
Estate	7	5	6	9	10	9	n.a.	n.a.	n.a.
Average	8	7	7	10	7	8	11	10	10

¹ Defined as the bottom 40 per cent of the population.

Source: Department of Census and Statistics, special tabulations, 1974;
Central Bank, 1983 and 1984.

Thus the decline in the financial provision for the public health sector did not appear to have seriously affected health status with respect to mortality. Curative interventions were evidently adequate to maintain a declining trend in death rates. However, the overall slight increase in morbidity (and micro-studies such as the one published by UNICEF in 1986) suggested that preventive treatment, provided entirely by the public sector, had not been given due emphasis and/or had deteriorated in quality. That, in turn, might have been partly attributable to severe manpower shortages, especially of doctors in the public health services. To counteract that trend, increasing emphasis was placed on the development of the private sector. The right of private practice was granted to doctors as an incentive to stay in the public service, and intakes into the medical schools were doubled in 1978. However, the 'brain drain' of doctors continued and in 1984 the number in public service still had not been restored to 1972 levels. The privilege of private practice was also widely abused, as no controls were enforced to ensure that the doctors attended to their substantive duties in public health. The resulting deterioration of staff morale, discipline and supervision at all levels therefore probably contributed to a deterioration in the quality of service provided in both curative and preventive public health care.

Housing, water supply and sanitation

The Government designated this sector as a major engine of growth and urban renewal. Direct construction by the public sector was emphasised in order to meet the needs of the middle- and low-income groups. Private sector housing construction was to be stimulated through incentives and the relaxation of housing legislation on rentals and ownership etc. and substantial foreign aid was also directed into this sector.

The impact of the public housing programme implemented by the National Housing Development Authority can be assessed in terms of the number of new permanent and semi-permanent units constructed. Those built during 1978-84 are shown in Table 15. The Government provided 36 per cent of all units constructed in this period. Direct housing construction for sale by the National Housing Development Authority was emphasised at first. However, escalating construction costs necessitated a change in policy, and assistance to self-build housing, which was less costly, then came to the fore. The terms of loans granted for house construction by the National Housing Fund and the commercial banks were eased; and from 1984 the provision of small construction loans with serviced sites, material packages and training became the basis of large-scale housing activity. The upgrading of existing estate housing and the construction of new units for resident labour was also undertaken after 1978 by the two major state plantation agencies.

The most significant contribution to increasing the housing stock, though, was 'colonisation housing' which came about through the provision of land to farm families under various settlement schemes (Table 15). Since 1969, a cash subsidy for housing has been made available to settlers participating in such schemes and all those who received land through them are therefore assumed to have added to the housing stock. (The settlement schemes are described below as part of the section on economic infrastructure.)

Under the water-seal latrine project, 106,475 latrines were constructed between 1978-84 at a cost to government of Rs.22 million. This project, which was confined to servicing the urban and rural sectors, provided 40 per cent of the increase in latrines in these areas during 1971-81.

According to Census data, between 1971 and 1981 77,439 more units in urban and rural areas had piped water but 35,076 fewer units in estate areas had this facility. The major investments undertaken from 1978 (at a total cost estimated at US\$240 million, of which 65 per cent was paid in foreign aid) had not become fully operational by 1981 and were therefore not reflected in the census data. However, these schemes had been designed to supply around 500,000 households on completion.

All urban and rural piped water supply schemes, urban sewage schemes and rural non-piped water supplies based on drilled wells are provided by the Water Supply and Drainage Board. The Ministry of Health gives a cash grant to cover part of the cost of installation of water-seal latrines. Only Colombo has a sewage system and it is old, overloaded and no treatment is provided.

The access of the poor to piped water was, however, limited by a change of policy in 1984 whereby the provision of "free" water was replaced by tariffs on metered supplies and stand pipes were removed where billing was not feasible. The change was felt to be necessary when the new capital works, which came into operation after 1980, added rapidly to recurrent costs and the gap between revenue and expenditure grew to unacceptable levels.

Table 15
NEW HOUSING UNITS GENERATED BY GOVERNMENT ACTIVITIES AND
BY PRIVATE FUNDING, 1978-84

	Permanent Units	Semi-Permanent Units	All Units
A. Total no. of new units constructed ¹ (Percentage)	176,862 (100)	456,932 (100)	633,794 (100)
B. Government contribution			
Loans ²	25,064	20,045	45,109
Direct construction ³	21,370	-	21,370
Assisted self-help ⁴	34,512	-	34,512
Colonisation	-	97,367	97,367
Estate ⁶	6,658	-	6,658
Rural housing ⁷	-	19,831	19,831
Sub-Programme			
Public servants' quarters	469	-	469
Sub total no. of units (Percentage)	88,073 (50)	137,243 (30)	225,316 (36)
C. Privately funded units (Percentage)	88,789 (50)	319,689 (70)	408,478 (64)

¹ Estimated from Census data on date of construction of housing units existing in 1981. Actual figures given were taken for 1971-77. The rate of construction for 1978-81 was projected to 1984 to obtain estimate 1978-?.

² Loans of under Rs.4000 by the MHD are assumed to be for semi-permanent housing.

³ Includes direct construction of urban and electoral housing.

⁴ Includes assisted self-help and electoral housing.

⁵ From Table 8. f. Figures from SPC & JEDB. Only new units.

⁶ ?????

⁷ Loans given for new units (only) Rural Housing Sub-Prog.

Sources: Census of Populational Housing, 1981. Table 7.4.
Ministry of Local Govt., Housing & Construction (1985) Marga (1986).

Appraisal

The above evidence suggests that, overall, the living standards of women improved in the period after 1977, despite substantial declines in real public expenditure on nutrition, education and health. The nutrition and, to a lesser extent, overall morbidity levels of low-income women, however, were likely to have been affected adversely. Further, the benefit they derived from the large increases in expenditure on housing and environmental sanitation would have depended on their ability to make the initial financial outlay to participate in these programmes. In the education and health

fields, as the service was free, financial considerations probably did not limit access, although the quality of service received might have been affected.

2. Expenditure on Improving the Economic Infrastructure

Irrigation and land settlement

In the late seventies, attention in Sri Lanka focused on dry zone colonisation and particularly on the acceleration of the Mahaweli Development Programme, as a means both of generating employment and economic growth and of relieving food shortages, energy shortfalls and land hunger. The Mahaweli Development Master Plan prepared in 1965-68 envisaged the irrigation and development of about 365,000 ha. of land in the dry zone, of which 100,000 ha. were already cultivated. The Plan covered 14 irrigation systems and would have power stations with a total installed capacity of 500 MW. Construction would be divided into three phases, to be implemented over 30 years. Stages I and II were started in the early seventies and completed by 1985; 23,163 families were settled, 24,000 ha. of new land were opened for cultivation and irrigation was provided to 13,900 ha. of land already under cultivation.

In 1977, the new Government decided to accelerate implementation of Stage III. This envisaged the construction of five major reservoirs and hydroplants with a total potential power capacity of 500-600 MW, development of about 120,000 ha. of newly irrigated land and settlement of an equivalent number of farm families.

The Government was very successful in mobilising resources (particularly foreign aid) for this programme, and in preparing and implementing it. The Mahaweli Authority of Sri Lanka had completed construction of the dams and commissioned the power stations at Victoria in November 1984 (with British aid), at Kotmale in May 1985 (with Swedish aid), and at Randenigala in September 1986 (with aid from the Federal Republic of Germany) as well as an irrigation dam at Maduru Oya. About 470 MW of installed power capacity was added to the national grid.

However, programme costs were high and estimates escalated rapidly, from Rs.11 billion in 1977 to Rs.60 billion; actual expenditure between 1978 and 1986 came to Rs.41 billion. Although about two-thirds of the estimated costs of the programme have already been incurred, most of the benefits have yet to be realised. The generation of hydropower started in 1985 and existing capacity will eventually be doubled. Paddy production from this area, which reached almost 200,000 tons in 1984 (8 per cent of Sri Lanka's production from 5 per cent of its paddy area) is likely to quadruple with the completion of the downstream development of the irrigation schemes; yields have reached 4 tonnes/ha. as against the average of 3.5 tonnes/ha. for the country. Job creation has been substantial, including about 20,000 temporary jobs in the construction of headworks.

Outside of the Mahaweli river basin development, the Government also spent about Rs.5.7 billion on other irrigation and land settlement programmes during 1978-86. Land was provided for settlement in major irrigation schemes, village expansion, highland and youth settlement schemes. In the village expansion schemes, land belonging to the state was given to the peasants for homesteads to meet the acute shortage of residential land for rapidly

expanding village communities. In highland agricultural settlements, land from large estates was transferred to the peasants for the cultivation of commercial crops such as tea, rubber and coconut. Youth schemes were set up in irrigated land in the dry zone in an effort to create agricultural settlements for unemployed youth.

Sri Lanka's settlement programmes, whether in the Mahaweli area or elsewhere, provide for a tenural system based on permits and grants under the Land Development Ordinance (LDO) of 1935. The programmes have been designed to provide the settler with services and benefits to enable him to maintain family-sized farms. Subsidies are provided towards the construction of the settler's house, latrine, and paddy field bunds; planting material is provided for the homestead plot together with seed paddy and agricultural implements for cultivation; a food ration is also given to the settler and his family for 18 months until he becomes self-supporting. Initially, a permit is given to the settler under the LDO to cultivate the land. The conditions attached to the permit stipulate that the allottee cannot mortgage (except to a cooperative), lease or otherwise dispose of his land until the land has been fully developed and the permit turned into a grant. However, in spite of the range of assistance provided and the restrictions imposed, illegal transactions and transfers do take place among the allottees and outsiders (Jegarajasingham, 1984).

A small part of the land acquired by the state under the land reforms of 1972 and 1975 was also distributed to villagers under the 1979 Lands Grants (Special Provisions) Act. Departing from established procedure, these lands were issued free of charge.

The regularisation of encroachments was nevertheless the most important means of land distribution. This enabled the largely landless to obtain a permit to the lands on which they encroached, thus conferring permanency of occupation on full development.

Altogether 149,311 families received 291,961 acres under the land distribution schemes (Table 3.9), thereby improving the income base of around 750,000 persons. An additional 405,873 families (about 2 million persons) improved their asset base through regularisation of their tenure. Overall, these two programmes benefited around 19 per cent of the population of Sri Lanka in the 1977-86 period.

Transport, telecommunications, power and energy

The upsurge in economic activity following the implementation of the liberalisation policy adopted in 1977 put heavy pressure on the country's infrastructure facilities, mainly transport, communications and power. The drive to attract foreign investment also required that these facilities should operate efficiently. Hence the expansion and upgrading of the economic infrastructure received special attention after 1977.

Transport, telecommunications and power/energy are public sector responsibilities which are organised or operated either as government departments or as state-controlled enterprises; the only exception is road passenger transport, which was opened to the private sector in 1980. The bulk of capital expenditure - and in the case of highways, telecommunications and railways (which are government departments), the entire current expenditure - has been financed from budgetary provision and foreign aid on concessionary terms.

Table 16
Land Redistribution Programme, 1977-86

	Allottees (nos.)	Extent (acres)	Average size (acres)
A. Settlement Programme			
1. Major schemes	9,741	29,380	3.02
2. Highland schemes	164	378	2.30
3. Village expansion	47,312	67,090	1.42
4. Youth schemes	920	2,045	2.22
5. Land grants (Special Provisions Act)	37,370	28,967	0.78
6. Rainfed farming	3,521	13,252	3.76
7. Mahaweli	49,375	148,125	3.00
8. Uda Walawe	908	2,724	3.00
Total	149,311	291,961	1.96
B. Regularisation of encroachments			
	405,873	554,783	1.37

Sources: Annual Plan 1988, Ministry of Lands and Land Development;
Mahaweli Economic Agency, unpublished data.

Public expenditure on infrastructure facilities increased sharply after 1977 with the inauguration of several programmes to rehabilitate run-down assets and expand their capacities. In the highways sector, expenditure was mainly for rehabilitation and maintenance. In the power sector (Annex Table A.2) it was used to expand capacity and improve transmissions; and in telecommunications, both for rehabilitation, particularly of the cable network, and for expansion of switching and exchange capabilities. Colombo Port and the International Airport were also expanded and modernised (Annex Table A.2).

The demand for electricity increased by over 10 per cent per year between 1980 and 1987. The commissioning of the three large hydro-electric schemes under the Mahaweli Development Programme and the installation of several thermal plants helped to increase electricity generating capacity from 421 MW in 1980 to 1146 MW in 1987; consumption increased from 1668 GWh in 1980 to 2707 GWh in 1987. Several projects to improve electricity transmission and local distribution and about 1000 schemes under the Rural Electrification Programme were also completed.

There has been a heavy demand for telecommunications facilities and since 1982 several projects have been undertaken to rehabilitate and modernise plant and equipment and increase the system's capacity. Between 1982 and 1987 the number of telephones and telex connections increased from 67,000 to 97,000 and from 976 to 1,342, respectively. The Department of Telecommunications increased the capacity of exchanges from 94,000 to 137,000 in the same period. The quality of service was improved by providing direct dialling facilities to all major towns and suburbs and rehabilitating the subscriber cable network.

In Colombo Port, a container terminal was constructed and sophisticated cargo handling equipment installed, making it one of the largest and most modern ports for handling containerised cargo in South East Asia. Reconstruction of the airport complex with fully equipped terminal buildings was completed in 1989.

The number of vehicles for goods and passenger haulage increased almost 50 per cent between 1982 and 1987. A programme for road rehabilitation and maintenance and bridge repairs was started in 1981, with a World Bank loan directed towards repairing and upgrading 500 km of road and 40 bridges. A second project funded by the World Bank in 1986 and two others funded by the Asian Development Bank in 1985 and 1986 extended the programme to a further 800 km of main road and 30 bridges.

Road passenger services, which account for over 80 per cent of passenger movement in the country, are provided both by the state-run and by privately-operated bus services. In 1987 the state-run service, the Sri Lanka Transport Board (SLTB), utilised less than 5,000 buses (out of a fleet of 7,000 drivesome 400 million bus km and carry 14.5 billion passengers. The private sector used about 10,000 buses of lower capacity (out of a fleet of 12,000) to drive about 700 million km and carry 14 billion passengers. The SLTB operates routes all over the country, while the private service is generally confined to the urban and inter-city routes. However, government investments in the transport sector have been crowded out in the last ten years by the priority given to Mahaweli irrigation schemes, to housing and power, and, more recently, to defence. Thus investments in transport have been insufficient to keep up with the normal wear and tear of the system's infrastructure and the increasing demand for transport services.

The railway provides transport to around 60 million passengers and has been carrying 1.6 million tons of freight a year since 1980. Despite the loss of lucrative traffic to the north and east of the country due to the ethnic conflict, the total tonnage has been stabilised, even though fewer trains are operating. The number of passengers carried per year, however, has declined steadily since its 1979 peak of 89 million, because of the stiff competition from privately-owned bus services. Track maintenance and rehabilitation, as well as the repair of rolling stock, accounted for the bulk of the expenditure during 1978-86, with some funds also being allocated to purchase new rail coaches and replace old and uneconomic stock.

Appraisal

Although the rehabilitation, expansion and improvement of economic infrastructure was partly financed by the "savings" in the food subsidy, foreign aid was a decisive factor in all the major projects.

The effect on households of the range of investments in economic infrastructure can only be directly quantified in the case of irrigation and land settlement. Almost 19 per cent of the population benefited from this programme between 1978 and 1986 and further benefits are likely to accrue well into the 'nineties.

Adjustment packages typically feature cuts in public expenditure, restructuring of economic activities and more emphasis on investment. Sri Lanka's public expenditure profile after 1977 displayed all these

characteristics. However, because it was able to attract substantial foreign aid to support the adjustment package, the large-scale investments undertaken to improve the economic infrastructure did not necessitate very large cuts in the social sectors, the food subsidy being the only major casualty.

As shown above, the nutrition of the poor was adversely affected by the continuous decline in the real value of food stamps. Women and girls in these households probably took the brunt of the deterioration in food intake, as indicated by higher levels of malnutrition among pre-school and school girls and declining birth weights of babies born to low-income mothers (see Section IV). However, the substitution of food stamps for the food subsidy and ration was not detrimental for the 60 per cent of the population (defined as non-poor) and their per capita calorie consumption continued to rise after 1979.

On the other hand, since the public education and health services were still to be provided free of charge, there was no major deterioration in the education or health status of the population in general or of women in particular although there was some deterioration in the quality of the services provided. Housing and environmental sanitation facilities and expenditure were substantially expanded, contributing to improved living standards.

3. Remedial Action in Progress

Notwithstanding the somewhat mixed picture above, a general recognition emerged that the country's social infrastructure had been neglected for too long and that the sector's needs must be given higher priority. In education the Government pledged to devote 3.5 per cent of GDP from 1989 onwards. A programme was recently started for a hitherto neglected group, the 5-10 year olds in remote areas who had no opportunity to obtain a basic education; some 600 children were enrolled in 19 newly established Learning of Activity Centres.

Prior to directing large-scale flows into the health sector, the Government is strengthening the management of financial, human and material resources. Infrastructure for the proper storage and control of drugs, repair of equipment and maintenance of existing assets is being planned.

As regards housing, the thrust of the Government's programme has recently shifted to the provision of low-interest loans, to a maximum of Rs.7000 each, to low-income households (upper income limit of Rs.1000 per month) in urban and rural areas. These loans are intended to supplement the resources (mostly family labour) which poor families could mobilise to build their houses and to put sufficient cash in their hands that they can sustain construction to the point of completion. The loans are for such purposes as upgrading houses, and providing latrines, clean water, electricity etc. About 46 per cent of them have been used for housing construction; and between 1985 and 1987 some 58,500 units were completed under this programme alone; a much higher rate of construction than had been achieved under earlier direct construction or loan programmes.

A review of food stamp holders was carried out in 1986, with a view to confining the programme to those who really needed it (an estimated 35 per cent of the population) and increasing the value of the stamps. However,

although the composition of the beneficiaries did change as a result, the numbers soon started to increase again and by 1988 the programme covered 7.584 million persons or 47 per cent of the population. The proposal to increase the value of the stamps was therefore abandoned, as it would have resulted in too substantial a call on budgetary resources. Studies are now being undertaken to improve targeting by developing indicators of poverty that can supplement the income criterion currently being used, to investigate the cost of rehabilitating families who depend on food stamps, and to examine the operation of the programme itself.

Additional relief of poverty will come from a decision to double from 1989 the public assistance given to the poor, (as an extension of the Poor Relief Schemes in operation under British colonial rule). This will bring the cash transfer for a family unit to about 2.5 times the value of the food stamps they receive. The number of families covered by the scheme is, however, only about 200,000 units or 6 per cent of the population.

IV. GENDER DIMENSIONS OF CHANGE: A MICRO-LEVEL ANALYSIS

It is apparent from earlier sections that gender-specific consequences or implications of structural adjustment policies are difficult to identify in data and analyses at macro- or even household level as they tend to subsume women as a part of the family. Empirical data from micro-field studies, however, indicate that development has often had a different impact on men and women. Many of these studies deal with specific issues and some inferences may appear speculative. Nevertheless, the data, which are largely qualitative, reflect the several economic realities and gender differences that impinge on the lives of women.

Recent studies are utilised in this Section to try to ascertain how women are affected in their multiple roles by some of the major policies implemented in Sri Lanka since 1977:- export-led growth liberalisation of trade, massive public investment and reduction of welfare expenditure. The developments discussed have been influenced by a multiplicity of economic and social forces from within and outside the country and it is not possible to isolate the consequences of adjustment policies per se. But it can be argued, that certain change in conditions have been triggered or reinforced or exacerbated by these policies.

1. Effects of the Promotion of an Export-Oriented Economy

The strategy of export-led growth to solve balance of payment problems and the promotion of private enterprise, which were key components of the policy package introduced in 1977, led to an expanded manufacturing export sector. The growth of industrial exports, however, depended largely on two industries - petroleum (a large public sector enterprise) and garments. The chief mechanisms used to promote export industries were the Export Processing Zones (EPZ), one established in Katunayake in 1979 and another in Biyagama in 1984, and the Foreign Investment Advisory Committee appointed to promote investment in industries outside the Zones.

Table 17 underscores the concentration of women workers in industries in the EPZ in Katunayake. In 1987 82 per cent of the 45,000 employees in the Zone, 91 per cent of the 34,000 employees in garment industries, and 92 per cent and 83 per cent, respectively, of employees in the smaller food-based and

Table 17
EMPLOYMENT IN GCEC AND FIAC INDUSTRIES
1986 and 1987

Industry	GCEC				FIAC	
	No. of units ¹ (1980-86)	Total employed (1987)	Female	% Female	No. of ² projects (1978-85)	Total ³ employed (1986)
1. Food, beverage and tobacco	4	471	435	92.4	14	1,120
2. Textiles, weaving apparel and leather products	24	33,937	30,814	90.8	52	19,260
3. Wood, wood projects, furniture	3	24	1	4.2	7	175
4. Paper and paper products	1	-	-	-	-	-
5. Chemicals, petroleum, rubber and plastic products	17	1,655	915	55.3	35	2,598
6. Non-metallic mineral products	12	1,648	1,374	83.4	14	2,329
7. Fabricated metal products & equipment, engineering	16	149	13	8.7	26	741
8. Other manufactured products	45	3,237	2,215	68.4	15	2,062
9. Construction	-	-	-	-	28	1,949
10. Services	7	3,926	1,000	25.5	103	5,573
11. Agriculture & animal husbandry	-	-	-	-	27	4,915
TOTAL	129	45,047	36,767	81.6	312	40,722

1. Approved and contracted.

2. Approved.

3. Gender-specific employment data are not available for FIAC-assisted industries.

Source: Public Investment Programme 1986-90, National Planning Division, Ministry of Finance and Planning and GCEC.

TABLE A.1 CURRENT TRANSFERS TO SELECTED PUBLIC CORPORATIONS, 1977-86

(Rs.m.)

	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
1. Janatha Estate Development Board	1.9	-	5.2	106.4	91.5	76.7	20.0	93.4	147.0	-
2. Ceylon Petroleum Corporation	-	528.0	87.0	-	-	-	-	-	-	-
3. National Milk Board	79.2	82.7	54.0	53.0	44.3	45.9	21.3	25.1	50.0	35.0
4. Ceylon Fertilizer Corporation	-	-	395.0	550.8	637.0	281.4	127.2	307.0	460.1	1000.0
5. Ceylon Fertilizer Manufacturing Cor.	-	-	-	-	269.0	543.0	494.7	537.3	43.0	27.3
6. Co-operative Wholesale Establishment	-	-	49.6	2.3	75.5	12.2	-	12.5	-	-
7. Ceylon Coconut Development Authority	7.0	2.8	-	-	-	137.2	430.5	25.7	-	-
8. Ceylon Tourist Board	16.7	19.4	26.0	41.8	51.8	55.0	75.0	80.7	60.9	55.0
9. National Apprenticeship Board	-	19.0	30.0	41.0	48.5	50.0	50.0	91.8	50.0	55.0
10. National Development Services	-	-	3.0	15.4	13.0	17.2	18.0	18.0	18.0	20.0
11. National Water Supply & Drainage Board	-	1.4	0.8	1.5	-	138.5	139.8	21.5	1.5	1.5
12. National Youth Services Council	-	3.4	20.0	30.0	25.5	32.0	32.0	32.0	34.2	35.0
13. Central Transport Board	-	304.0	85.0	457.0	-	125.0	174.0	382.0	152.7	152.7
14. Urban Development Authority	-	-	-	-	-	-	-	0.3	117.4	120.0
15. Others	41.5	77.7	164.8	283.5	94.3	182.4	336.9	237.5	342.0	449.7
TOTAL	146.3	1038.4	920.4	1582.7	1350.4	1696.5	1919.7	1864.8	1477.2	1951.2

Source: Review of the Economy, 1985, 1986 (Table 96), Central Bank of Sri Lanka.

TABLE A.2 CAPITAL TRANSFERS TO SELECTED PUBLIC CORPORATIONS, 1977-86

(Rs.m.)

	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
1. Ceylon Fisheries Harbours Corp.	13.0	15.4	15.7	65.9	11.2	10.0	60.0	76.6	10.4	4.0
2. Janatha Estates Dev. Board	8.0	2.0	-	178.7	29.6	173.0	75.4	67.7	111.1	203.4
3. Mahaweli Authority	101.8	415.9	1437.1	3380.9	3816.1	7332.8	6394.8	7056.9	7233.4	3700.0
4. River Valley Development Board	47.5	45.6	60.0	35.1	35.0	31.5	-	-	-	-
5. State Plantation Corporation	-	-	6.2	118.1	80.4	242.3	148.4	435.9	97.5	75.7
6. Govt. Owned Business Undertaking	-	-	-	-	3.0	113.0	24.5	86.4	-	30.0
7. National Milk Board	3.7	-	12.8	15.5	50.5	62.7	9.0	7.5	10.3	12.5
8. Sri Lanka Sugar Corporation	-	-	4.5	8.0	46.8	75.4	122.5	410.2	508.3	150.0
9. State Fertilizer Manufacturing Cor.	236.8	1061.4	-	397.5	88.5	300.0	-	26.1	-	-
10. Air Port & Aviation Services Ltd.	-	-	-	-	-	-	100.0	336.1	955.3	1050.0
11. Air Lanka	-	-	300.0	-	0.5	300.0	900.0	935.0	800.0	800.0
12. Ceylon Electricity Board	6.5	42.3	32.4	116.7	672.5	247.4	111.0	1015.5	152.9	452.0
13. Ceylon Coconut Dev. Authority	-	-	0.4	-	6.5	13.6	28.1	76.8	74.2	72.9
14. Ceylon Shipping Corporation	-	-	-	-	-	-	155.6	200.0	274.9	274.0
15. Coconut Cultivation Board	-	-	12.3	27.7	33.9	8.4	5.0	54.8	65.4	72.0
16. Export Development Board	-	-	-	-	-	-	200.0	100.0	100.5	102.4
17. Greater Colombo Economic Commission	-	2.1	122.8	10.0	55.8	60.0	60.0	48.0	50.0	50.0
18. Land Reform Commission	57.5	47.5	-	125.0	225.0	168.1	150.0	225.0	200.0	200.0
19. National Housing Dev. Authority	-	-	-	976.0	1020.0	702.8	571.0	480.0	359.5	465.0
20. National Water Supply & Drainage Board	-	-	-	-	342.5	316.3	966.7	853.8	966.3	821.5
21. Port Authority	-	-	-	-	-	16.7	-	2.9	212.8	306.6
22. Urban Development Authority	-	-	24.2	80.0	200.0	-	83.0	162.1	23.0	56.5
23. Others	353.0	437.8	1083.4	551.1	456.3	498.9	253.8	466.7	462.4	403.3
TOTAL	827.8	2070.0	3111.8	6086.2	7174.1	10652.9	10421.7	13333.9	12762.0	9538.9

Source: Review of the Economy, 1985, 1986, (Table No.97), Central Bank of Sri Lanka.

non-metallic mineral industries were women. Participation had been around that level since 1978. Gender-specific data are not available for industries outside the Zones, but a sample study of 18 firms in 1987 found that 86 per cent of the workers were women (UNIDO-CENWOR, 1987). It is apparent, therefore, that large private sector garment factories depended heavily on female labour and, as in other Third World countries, a consequence of the promotion of foreign investment in export industries had been what was, in effect, female-led industrialisation. While the unemployment rate for women has been double that of men since the early seventies (CF and SE Survey, 1973, 1981/82), increases in women's access to employment in manufacturing and their situation in these factories have been determined largely by exogenous factors that affected all workers.

These exogenous factors include the role, activities and needs of transnational corporations (TNCs). Persuaded by rising labour costs in industrialised countries to seek cheaper labour through 'global sourcing', their strategy has been to reduce labour-unit costs by relocating labour-intensive industries such as clothing or food processing, or labour-intensive processes of complex industrial production activities, as in electronics, to Third World countries. EPZs were established in East Asia in the sixties and in South East and South Asia in the seventies to meet the demand of an international division of labour and facilitate the movement of international capital. The demand has been chiefly for female labour, partly on the basis of a gender-role assumption women are secondary earners who can be assigned low wages. In particular, women between 18 and 25 years are preferred as their 'nimble' fingers, pliability and single status are seen as increasing economic productivity and reducing production costs. These young women are also an economic asset to national governments dependent on the comparative advantage of cheap female labour to attract investors.

The consequences for women of incorporation in the export economy of Sri Lanka have been depicted in three recent in-depth field studies (Voice of Women, 1983; Goonatilake and Gunasekera, 1986; Goonatilake, 1987). It is clear that a significant number of them have gained employment opportunities and access to income, and thereby to improved status in the family and society, with relatively more economic independence and personal freedom. This positive development is specially important in the context of the high incidence of female unemployment and the impoverished situation of the families from which over 90 per cent of them come.

On the other hand, the educational qualifications of these young women are also relatively high, and 60 to 80 per cent of them were found to have a ten or twelve years of education. Thus, in the absence of alternative opportunities and as a strategy for family survival and mobility, they have taken employment that may not be commensurate with their aspirations or qualifications. Moreover, they are perceived by many employers merely as human resources to be exploited in production, and the low priority given to their welfare is reflected in their working conditions. Their wages have been claimed to be the lowest in the EPZs of Asia, while their productivity is the second highest (Voice of Women, 1983). In view of the spiralling cost of living resulting in part from adjustment policies, they are compelled to work overtime in order to meet family consumption needs. The gender division of labour remains unchanged; women are concentrated in semi-skilled, assembly line operations, such as machine and manual sewing and packing, while men dominate the management and supervisory structure and technical related

employment. In 1987 some 90 per cent of women trainees in vocational programmes were found to be enrolled in sewing-related training courses (UNIDO-CENWOR, 1987).

The studies found that salaries and the physical work environment could sometimes be even worse in factories outside the FTZs. In all factories, the monotonous, depersonalising work, long hours under incessant pressure to meet production targets and work norms, and lack of adequate protective measures against occupational health hazards create stresses in physical and mental health. In the interest of preserving "industrial peace" to enhance productivity, labour legislation is virtually in abeyance and unionisation and worker solidarity discouraged, although conditions tend to be less oppressive in factories outside the Zones where trade union support may be forthcoming.

Despite the appearance of industrialisation there has been little technology transfer in the export industries. Their fragmented production processes offer hardly any opportunity of upgrading skills and tend, in fact, to result in deskilling, depriving school leavers of opportunities for upward career mobility in technical or managerial employment.

Many workers are temporary migrants residing in lodgings in the vicinity of the factories. Prohibitive, living costs and unscrupulous house owners compel them to live in congested, ill-ventilated boarding houses that accommodate 10 to 100 lodgers. Around 90 per cent were found to be sharing a small room with at least five others and 30 per cent had eight room mates. They cook once a day through lack of time and eat the cheapest food to save money.

The vulnerability of these women is further heightened by their lack of job security in the context of unstable world demand for their goods and the ever present threat of such 'footloose' industries shifting to countries with still cheaper labour. The redeployment of more skill-intensive industries to Third world countries and consequent changes in their industrial structure will eventually affect adversely women's employment opportunities in Sri Lanka, as it has in the Republic of Korea and Singapore (UNIDO, 1981), due to their limited range of vocational skills. Women are tending to lose out in employment opportunities as they are channelled away from technology training the more remunerative jobs.

Women's roles in the export production villages

National policies have also focused on a strategy to promote exports, that would enable the benefits to reach the villages and thereby improve incomes in the rural sector. In 1981 the Export Development Board (EDB), created a mechanism to link village-based production with the export sector by encouraging villagers to become shareholders in Export Production Village (EPV) companies. These produce subsidiary food crops, agro-based processed products and manufactured or assembled goods. Easier access is provided to raw materials and credit and external marketing outlets organised by linking them with exporting firms in Colombo.

By the late 1980s there were 18 EPVs. Seven of them were covered in two studies (UNIDO-CENWOR, 1987; Jayaweera et al, 1988) which found that women, as traditional economic producers in the rural environment, had become

major participants in the expansion of economic activities under this scheme. The EPV programme also increased women's visibility in the informal sector: 90 to 98 per cent of shareholders in the cashew, coir, reed packs, electronics and umbrella EPVs were women. This increased demand for female labour led to longer hours of work; the women interviewed claimed they had little time for household chores and child care tasks and hardly any leisure. Economic activities also made demands on the labour inputs of most family members, including children.

The contribution of these women to family income, which is often underestimated in official data, is significant. Besides the 10-15 per cent sole-income earners, women in the EPVs are often primary earners within the family, the majority contributing over half its income. Most women producers said they had increased their income. The infrastructural support for access to raw materials and other inputs and higher prices in the export markets had clearly minimised some of the constraints that stymie self-employment programmes for women in low-income families. Inequalities, however, were clearly visible both between and within EPVs. Women in the ekel EPV reported that they did not earn enough even to meet basic needs, and over half remained enmeshed in poverty. In the Mahaweli EPV, some families improved their living conditions and acquired symbols of upward mobility such as tractors and television sets, while others remained resourceless in wattle and daub houses. Most EPV producers represented the poorer segments of rural society and, in a context of inflation, spent 75 to 90 per cent of income on food. The poorest, therefore, continued to be marginalised.

Most EPVs have a male-dominated management structure and a female labour force. In the Mahaweli EPV, the practice of allocating land to heads of households, who are in general males, has precluded women from even becoming shareholders. The gender division of labour within and outside the household has been modified somewhat by the use of family labour to meet production targets, but women in the coir EPVs are being displaced from traditional tasks by mechanisation, and the sharing of household tasks by men is rare; women still tend to conceptualise themselves as housewives and not as economic producers.

The demand generated by export promotion has been, again, for low-cost female labour. Two groups of home-based women workers, receiving piece-rate payments for their production are found in the EPVs: viz. those producing agricultural or agro-based processed products in the vegetable, cashew, reed ware and ekel EPVs; and those outworkers under the 'putting out' or sub-contracting system in the electronics, umbrella and coir EPVs. The exporting firms have become the intermediaries, replacing the local middlemen who exercise a stranglehold in the informal sector. The unequal relations between the exporter in Colombo and the EPV producer, and perceptions of huge profits gained by exporters, are already issues of concern in some EPVs.

The crux of the matter is that in this mode of export-oriented production, women are 'squeezed' in a process of international or local subcontracting which has proliferated in the last decade. It is apparent that women home-workers have access to useful income-earning opportunities, using their traditional skills or simple new ones, and they are able to engage in economic activities without detriment to their child-care responsibilities in having to work in 'sweat shops'. But in their homes they work longer hours, lack support services and welfare benefits and have no bargaining power to improve their situation.

On the other hand, the transnational corporations and their subsidiaries or local exporters obtain cheap labour that can be laid off with impunity during slack seasons. Their capital investments in factories, other overheads, welfare and labour costs are reduced, and their profits substantially increased. The electronics and umbrella EPVs that assemble products for export from imported raw materials illustrate the consequences of the international division of labour and global 'sourcing' for cheap labour as much as the 'world market' factories.

2. Effects of the Mahaweli Development Programme

As apparent from above (see pages 35-59), massive public investment has been an important component of the structural adjustment programme in Sri Lanka, with the Mahaweli scheme the most ambitious development project. The main agent of change in creating surplus production, capital formation and better living conditions has been the small commercial farm and homestead. Resources have been invested in incentives, in infrastructural support such as subsidised inputs, credit, water management, extension, marketing, and in a guaranteed price scheme for paddy which has been increased substantially since 1977.

The rice programme has been considered the only successful import substitution programme since 1977 (Jayawardene et al, 1988). A vast area has been transformed. Some families have been able to change from wage labourers or tenant farmers to independent small farmers. Average productivity and incomes have increased.

Nevertheless, studies point to the emergence of socio-economic inequalities despite the egalitarian basis of land settlement (Spellman and Vander Top, 1985; Siriwardena, 1981; Vidanapathirana, 1986). Some families have accumulated capital resources and acquired symbols of upward socio-economic mobility, as reflected in their housing and equipment. High costs of production, particularly of technologies and some other inputs, together with inflation have, however, made it difficult for a significant number of families to generate sufficient surpluses to improve their living conditions and move beyond subsistence level. These families are therefore struggling for survival.

Studies of the situation of women in the Mahaweli (Lund, 1979; de Silva, 1980; Abeysiriwardena and Kilkelly, 1983; Jayaweera, 1987a) have noted that in the early years planners reinforced the 'invisibility' of women in the informal sector by taking for granted their economic role and contribution and conceptualising them as farm wives and not as farmers. Women's traditional land rights have also been eroded by the practice of allocating land to male heads of households. The two Home Development Centres established to meet the needs of women were organised on the basis of a perceived dichotomy in the division of labour as between the productive roles of men and the reproductive roles of women, ignoring the social reality of women's contribution as economic producers.

It has been observed that in fact, women have been actively involved, even in pioneering settlement activities such as clearing land. Most Mahaweli women have said the improvement in crop that cultivation during both seasons resulting from better access to water has increased both family income and their own work-load in field preparation, planting, transplanting, weeding,

harvesting and food processing. The extension of the cultivation of subsidiary crops such as chillies in the second season as well as their involvement in homestead gardening have increased women's activities as economic producers throughout the year. Most women were found to be full-time farmers and some were even de facto farm managers. On average they have contributed around half the household income and are the "keepers of the purse" in the family.

Although women perceive no dichotomy between their economic and domestic roles, they tend to describe themselves as housewives. Their responsibility for household chores extends their working day to around 14 hours. It is apparent, too, that women are being gradually marginalised by the mechanisation of production processes in land preparation, sowing, transplanting, weeding, harvesting and food processing that has been a consequence of large-scale investment in modernising agriculture. Trends that have surfaced include the continued demand for female labour in tasks where drudgery remains unrelieved by technological improvement; a potential decline in the demand for female labour in their traditional activities, such as transplanting and harvesting, attributable largely to women's lack of access to training in handling machinery; and an increase in the number of young female secondary school leavers currently in the 'labour reserve'.

3. Women as Economic Producers for the Domestic Market

An immediate and negative impact of the liberalisation of the economy in 1977 was the collapse of many small local industries that had developed partly as a response to the import substitution policies of the seventies. The survey by the Industrial Development Board (IDB) in 1980 found that between 1977 and 1979, 4.3 per cent of its study sample had closed down and 24.6 per cent had been adversely affected by the influx of cheaper imported goods, and that 78 per cent of those closed down and 80 per cent of those adversely affected were small industrial units. The Annual Sample Survey of Industries by the Department of Census found that the proportion of small units in industry had declined from 66 per cent in 1978 to 42 per cent in 1980. The situation was even worse in the informal sector as producers with minimal resources struggled to survive in a competitive open market.

Women have traditionally been concentrated in local industries such as textiles and coir, mainly in small-scale units in home-based production. It has been reported that in the seventies around 60,000 women were engaged in handloom weaving, which had become virtually a 'feminine' industry, and at least 30,000 in the coir industry. The handloom industry was the most vulnerable to the policy changes. Inability to compete with imported products and with the output of the four large textile mills which had been reorganised with the aid of foreign inputs, rising costs of production and unequal access to imported inputs led to the near ruin of the industry. It was estimated that the number of looms in use declined from 111,000 to 30,000 during 1977-79 (Economic Review, No.2, 1980), and around 40,000 women lost their livelihood (Atukorale, 1986). In the organised sector, the Department of Textiles closed down its handloom centres with around 23,000 looms and sold 62 of its 72 powerloom centres. Subsequently some of these centres were re-opened but they have yet to gain momentum.

The continuing plight of women workers in the coir industry and their arduous and time-consuming work without adequate financial reward have been documented in several studies (Risseeuw, 1980; Risseeuw and Peiris, 1983).

The few local industries that have thrived are geared to export markets and infinitesimal in terms of employment.

The impact of adjustment policies on the economic activities of women was reflected in the 1981 Census data relating to employment in manufacturing industries in the organised sector. Between 1971 and 1981, the number of women employed in the textile industry declined by 48.1 per cent while the number of men increased by 29.4 per cent. As a result the proportion of women employed in that industry fell from 70.1 per cent in 1971 to 47.1 per cent in 1981. Part of the reason was the shift to large textile mills.

Meanwhile in the wearing apparel (garment) industry during the same period the number of women employed rose 356 per cent, enrolment increased compared with only 48.1 per cent in the number of male employees; the proportion of females in the industry therefore rose from 33.6 to 62.2 per cent. Given that garment production is located chiefly in Colombo district, there was no geographical proximity between the women who lost their jobs and those who gained them as a result of the policy changes of 1977.

4. Women in the Urban Informal Sector

Adjustment policies also appear to have affected women in the amorphous urban informal sector which had been estimated in 1978 to include about 20 per cent of the labour force. No later estimates have been made of its size, but it may have expanded with the decline in real incomes and widening income disparities referred to in the macro-analysis.

It appears that men in low-income families have easier access than women to the formal sector, albeit to low-status jobs, while women are concentrated in the informal sector. Here they are reported as being employed in preparing food such as hoppers, stringhoppers for sale, as vendors of vegetables, fruits and cooked food on pavements and in markets, in domestic service, in tailoring, and in the production of goods for low-income families such as piece-work sewing from cloth remnants.

These women have no capital, no access to institutional credit, only minimal education, skills and know-how, and hardly any access to technology. They are vulnerable to exploitation by middlemen or traders and their poverty is reinforced by their low productivity and meagre incomes. Their contribution, though is crucial to family survival; around one-third appear to be sole income earners and another third, primary income earners. While no 'before-after' data exist, it can be inferred from certain studies that the position of many women in low-income families has deteriorated as they continue in abject poverty (Marga, 1978 and 1984; UNIDO-CENWOR, 1987; Jayaweera, 1987b).

5. Women Entrepreneurs

The liberalisation of the economy has benefited those middle-class women who have utilised their resources and skills to engage in entrepreneurship activities. In a competitive, male-dominated market, these women have attempted - often successfully - to make optimal use of the incentives offered to promote private enterprise, and in 1985 they enhanced their visibility by organising themselves as the Women's Chamber of Industry and Commerce; membership was 80 in 1987. Around half of them were engaged in such industries as textiles and garments, food processing and leather, paper,

glass and chemical and jewellery products; the rest were engaged in agriculture and in the provision of services such as travel, trade and catering (UNIDO-CENWOR, 1987).

Their degree of success has depended largely on their family resources, their initiative and skills in utilising opportunities, and their access to markets. The biggest enterprises have formal corporate management structures with large capital investments, an annual turnover of around Rs.100 million, a substantial labour force (generally of women), and have penetrated export markets successfully. Medium-scale and small-scale women entrepreneurs are oriented chiefly towards the local market, and have experienced access problems relating to imported inputs, credit and technical know-how (UNIDO-CENWOR, 1987). These women entrepreneurs have emerged as visible products of the market economy, and in recent years they have organised 'markets' to assist the urban and rural home-based women workers who have yet to achieve sufficient economic viability even to meet their family consumption needs adequately.

6. Women Migrant Workers

The deterioration in living standards and economic hardship caused by rising prices and reduction in subsidised food have compelled some women in marginalised families and communities to seek greener pastures abroad. Both married and unmarried women, chiefly from the Sinhalese and Muslim communities, have been drawn by the availability of jobs where they can use their domestic skills in the oil-rich countries of West Asia whose socio-cultural restrictions limit the use of indigenous female labour.

Migration of skilled and unskilled workers to West Asia had increased from 526 in 1976 to 57,447 in 1981, when over half were women. It is interesting to note that while 87 per cent of the professionals, 92 per cent of middle-level personnel and 97.5 per cent of skilled workers were men, 77 per cent of the unskilled workers were women, employed chiefly as housemaids (Korale, 1981, 1983, 1984). State policy is to encourage temporary migration as a strategy to help solve the unemployment and balance of payment problems, and the foreign exchange remittances of these migrant workers have contributed significantly to the economy. The Foreign Employment Agencies Act No.32 of 1980 and the establishment of the Bureau of Foreign Employment attempted to improve recruitment procedures and to modify a laissez-faire policy that left these women to the mercies of private entrepreneurs.

Studies indicate that women have had varied experiences as migrant workers. Some have had to face the trauma of abuses in their workplaces and family-related problems on their return. Others have accumulated savings, equivalent perhaps to a lifetime's earnings in Sri Lanka, and returned to build or upgrade their houses and to improve the quality of life of their families. Such women have gained confidence as decision-makers and as the sole or primary earners in the household, and in many homes a reversal of roles has taken place with respect to household and child care responsibilities (Marga, 1986; Dias, 1987).

The studies reveal two important sets of findings. The first concerns the motivation for the decision to migrate. These were women who had no alternative options for employment. They lacked the education, skills and resources to seek employment at home in a context of high unemployment. They

also lacked family resources to enable them to cope with living costs and to survive beyond bare subsistence level. Many of them had said that they had spent 85 per cent of their meagre family income on food. While Sinhala women in low-income families had always had unrestricted mobility, resource constraints and the lure of higher income motivated the Muslim women to overcome socio-cultural restrictions to migration without their families.

The second significant set of findings relates to the women's reactions after they came back to Sri Lanka. A large number have returned or wish to return, to the countries of employment for a further term. In view of their poverty and inflationary pressures on the cost of living at home, around 80 per cent of their income from their first term of employment abroad tended to be spent on consumption and on settlement of debts. They felt a need, therefore, to go abroad again in order to accumulate savings to realise their cherished dream of acquiring land and satisfactory housing and to educate their children. They themselves had gained little from their transfer abroad that would help them to achieve upward vocational mobility in Sri Lanka, but migration for employment was to them a strategy for family survival and improving its social mobility in a harsh economic environment.

7. Measures to Assist Women to Overcome Employment Constraints

Programmes to improve the situation of women centred chiefly on the role of the Women's Bureau as a focal point for promoting their interests, the implementation of self-employment projects for women who have no access to the formal sector, and the increase in the provision of child-care services for women working outside the home.

Organisation of income-generating projects

The post-1977 years coincided with the UN Decade for Women (1976-85) and the consequent increase in awareness at international and national levels of women's needs and of the constraints imposed upon them in Sri Lanka, the Women's Bureau was established in 1978 with the Ministry of Plan Implementation but was brought under the new Ministry of Women's Affairs and Teaching Hospitals created in 1983. The Bureau was expected to play a catalytic role in accelerating women's progress. Its major functions are to identify appropriate policies and strategies and to operate as a coordinating and monitoring agency in the implementation of programmes for women.

From its inception the Bureau has been primarily concerned with meeting the needs of women in disadvantaged families in rural and settlement areas, plantations, fishing villages and urban low-income neighbourhoods. These are, by and large, the women who are most vulnerable to the impact of rising costs of living, declining food consumption and falling real incomes. In 1985 6,623 women were engaged in income-generating projects organised by the Bureau, half of them in animal husbandry and the rest in agriculture, small industries and food processing. In recent years, however, the Bureau has focused its activities on policy issues and on organising women's groups at community level.

A large number of NGOs have also implemented similar income-generation programmes. In addition the impact of the UN Decade for Women was reflected in the increased flow of funds from international and bilateral donors to the Bureau and to NGOs for women's programmes.

Such projects have, however, made only a limited contribution to improving the situation of the most disadvantaged women. They have tended to conform to a uniform 'model' that has been introduced by donor agencies, national governments and NGOs in most of the developing countries, irrespective of the diverse circumstances of specific 'beneficiaries'. They have also operated largely outside mainstream development programmes, thereby negating the objective of integrating women into the development process. Despite the fact that women in low-income families are very often primary income earners engaged in a struggle for family survival, the projects appear to be based on perceptions of women as supplementary earners. Evaluation studies of the projects in Sri Lanka have underscored their limitations in assisting women to overcome constraints that stem from poverty (Skjonsberg, 1982; Jayaweera, 1985a). Moreover, they have rarely been preceded by surveys in needs identification. It should further be noted that the programmes of the Women's Bureau, have not been the outcomes of the district-based planning process under the Integrated Development Programme and have therefore lacked the support of the technical and supervisory services of line Ministries. NGO programmes have been largely ad hoc projects.

It was observed in the evaluation studies that women with access to family resources have benefited from these projects and increased their productivity. But the poorest women, in general, did not have the capacity to utilise the inputs available, due to their lack of access to capital, credit and extension services; or, if they were given institutional credit, they did not have the resources to repay loans. The marginalisation of these women and rural indebtedness have therefore been increased as a consequence. In effect these projects have differed little from traditional rural development programmes which had operated within the structure of society that reinforced socio-economic disparities and perpetuated female subordination.

Provision of child-care services

Child-care services received low priority in the past, although pre-schools flourished in urban areas and creches were organised by a few state agencies and NGOs to meet the needs of women workers. The exodus of married women for employment to countries in West Asia, however, drew attention to the general problem of ensuring the welfare of children of female workers. Many women seeking avenues of employment within Sri Lanka had been compelled to opt for home-based economic activities as self-employed workers or as outworkers in industry in order to combine their multiple roles.

The numbers of pre-schools and day-care centres have increased in the past few years. No comprehensive survey has been made of these centres, but it was estimated in 1985 that around 5000 pre-schools and creches organised by government agencies and NGOs served 123,573 children or around 7 per cent of the population under five years. They offered health monitoring services and nutritional interventions or pre-primary education. The large number of private institutions, particularly in the cities, have not been enumerated. Studies have reported that the quality of the programmes at centres that serve the low-income population are sub-standard (Kurian, 1982; Sessional Paper III, 1986).

The National Committee on the Care and Education of the Young Child, appointed in 1985 (Sessional Paper, 1986), has formulated a programme for a network of integrated children's centres which would meet the needs of children and parents and would be supported by government agencies and NGOs.

But this programme has yet to be implemented islandwide and the existing provision of services is inadequate to meet demand.

8. Women as Consumers of Social Services

Most studies on women carried out in Sri Lanka in the last ten years have focused on their economic roles and on programmes that have sought to increase their participation in economic development as overriding issues which, in the perception of the researchers, affect the empowerment of women and the quality of life of their families. Moreover, since women have had equal access with men to education and health facilities over four decades of welfare policies, and more recently to housing programmes as well, gender-specific problems have been restricted chiefly to those concerning maternal health. Few studies present gender disaggregated data that illustrate a different impact of social policies on men and women as consumers.

It can be inferred from data in micro-studies however that as managers of households, particularly in low-income families, women have had to make heroic efforts to meet the minimum consumption needs of the family at a time of inflation, especially of basic commodities, and declining real incomes. The lack of longitudinal studies prevents comparisons over time, but the macro-data given in earlier sections, particularly those relating to widening income disparities, are reflected in community-based studies (CENWOR, 1987).

A special group that has emerged as a focus of recent attention are female-headed households, which amount to at least 25 per cent of families in low-income neighbourhoods. These women, who are single parents and low-income earners, generally come from disadvantaged families and are the victims of circumstances. A recent study has underscored the fact that as the 'poorest of the poor' they are vulnerable to traumas that are compounded in an increasingly deprived economic environment (Weerasinghe, 1988).

In education, while participation rates have risen the number of drop-outs from low-income families have increased since 1978. Studies of the Literacy Centres established since 1981 for out-of-school children have shown that these children come from low-income families in the informal sector and that the majority had never been to school (Jayaweera, 1987b). The Consumer Finances and Socio-Economic Survey even reported a 'mild reverse' in enrolment rates between 1978/79 and 1981/82. Studies have pointed to non-enrolment rates in disadvantaged locations that are significantly higher than average. A study of basic educational needs in selected slums and shanties in Colombo in 1984 reported that 19.3 per cent of 6-8 year olds and 9.8 per cent of 9-14 year olds had never been to school. In addition, 21-23 per cent of children of both 6-8 and 9-14 age groups had dropped out of school. Investigation of a sample of out-of-school children found that over 60 per cent of 6-8 year olds and around 40 per cent of 9-14 year olds had never been to school. Only 29.8 per cent of the slum children and 38.8 per cent of the shanty children were reported to be attending schools regularly (NFE, Ministry of Education and UNICEF, 1984). In 1986 more boys than girls dropped out, both from primary classes (3.31 and 2.83 per cent, respectively) and from secondary classes (5.75 and 4.25 per cent, respectively) (School Census, 1986). The reasons are associated with the greater opportunities boys have of obtaining casual employment. It is significant, however, that between 1981 and 1986, the proportion of the population between 10 and 14 years increased considerably -

nearly doubled in the case of the girls (Census Survey, 1981 and Labour Force and Socio-Economic Survey, 1985/86).

As regards nutrition, a major concern has been the decline in food consumption and calorie and protein intake among the poor. The 1981/82 nutritional status study of pre-school age children (below five years) pointed to the relatively high prevalence of malnutrition - stunting or chronic malnutrition (36.6 per cent), wastage or acute malnutrition (12 per cent) and concurrently chronic and acute malnutrition (5 per cent) ((FMPPD, 1981/82), - and to an increase in acute malnutrition since the 1975/76 survey, although differences in the sample population precluded definitive conclusions. Regretably, gender-specific data are not available to ascertain the relative nutritional status of boys and girls. Recent micro-studies of pre-school age children in a low-income urban neighbourhood (MRI, 1987) and among schoolchildren between 7 and 10 years in Colombo (MRI, 1988) indicate that: more girls than boys are below accepted norms; more boys have milder degrees of malnutrition and more girls are severely affected; and mean weights tend to be lower among girls than boys. Causative factors for these differences, however, have yet to be investigated.

The adverse effects of reduced nutritional status on the health of women are reflected in data on pregnant women and the new born. National data record that maternal, infant and neo-natal mortality rates and still-birth rates declined from 1977 to the early 1980s. But disparities between districts continued to be wide, with relatively high rates in disadvantaged communities such as urban slums and shanties and plantations.

There is evidence to indicate that deterioration in the nutritional status of poor women resulted in a prevalence of anaemia among those who were pregnant. Another phenomenon has been the high incidence of low birth-weight among the new born (30 per cent with a weight of less than 2.5 kg.) which is directly related to maternal morbidity (including anaemia) and to malnutrition. A study in four districts in 1985/86 indicated that the incidence of low birth-weight was 24.5, 18.0, 23 and 30 per cent (UNICEF, 1987). A survey of pregnant mothers in another district found a considerable degree of mild under-nutrition and iodine deficiency that could cause brain damage in the foetus or a still-birth (MRI, 1988). A study of 3,375 pregnant women in dry-zone districts found evidence that abject poverty and food shortages had contributed to non-utilisation of services and to perinatal and neonatal mortality (UNICEF and Dept. of Census, 1986). It is likely that rising living costs adversely affected maternal morbidity among economically disadvantaged women.

9. Summary

Women have been affected considerably by the structural adjustment policies introduced since 1977, but the form and severity of the impact has differed significantly, largely on account of income and class. Women in the poorer segments of society have been vulnerable to the economic and social pressures of adjustment whereas some of those of higher status have been able to become entrepreneurs and enter into elite commercial circles. More generally, studies have shown that while women in Sri Lanka have not perceived their economic and domestic functions as alternative roles, child-care responsibilities in low-income nuclear families have posed problems to women employed outside the home (SLFUW, 1979; Sumanasekera, 1988). Women are

therefore vulnerable to two interlinked constraints – economic difficulties that compel them to seek employment and child-care demands that, in the absence of adequate child-care facilities, restrict their ability to take on work.

V. CONCLUSIONS AND RECOMMENDATIONS

1. Recapitulation

The focus of adjustment policy since 1977 has been to increase economic growth and reduce balance of payment deficits. The implicit assumption appears to have been that the benefits would "trickle down" to all segments of the population.

The initial impact of structural adjustment was felt mainly in the reduction of government protection for the living standards of the poor. This was part of a policy to reduce the burden government had carried over the previous four decades. It was envisaged that the real incomes of the poor would rise in the course of the rapid economic growth, so that they would be able to look after themselves rather than depend on state support. Unfortunately, the poor did not participate significantly in the growth generated, possibly because it was capital-intensive and effected only a marginal increase in employment.

The Sri Lanka experience gave rise to a number of favourable developments: for instance, economic growth rates increased; the Mahaweli Programme transformed many landless families into small farmers; and the National Housing Development Programme focused policy on the basic need for shelter for the homeless. But the low-income population has been vulnerable to the adverse consequences of changes such as economic liberalisation, high inflation, and reduction of welfare-related public expenditure. Data relating to decline in real incomes and widening income disparities indicate that people in the upper income levels benefited most from the changes while the bottom 40 per cent tended to be marginalised. Although mortality rates continued to fall, the calorie consumption of low-income groups declined. Health and education services were adversely affected by resource constraints.

The available data pointed to an increase in employment opportunities for women in export-oriented industries, but also to continuing gender differences in the type of employment opportunities available and in income levels. A minority of women benefited from expansion in the trade and services sectors. Women in low-income families, however, had to face increasing stress in coping with their economic and domestic roles. They were compelled to seek income-earning opportunities as a strategy for family survival and, in some instances, to replace the former means of livelihood which they lost in the liberalisation process. Urban and rural women were drawn into wage employment or piece-rate work as low cost labour units without adequate access to welfare services, union protection or upward mobility. The increasing numbers of women in the informal sector were vulnerable to economic instability. Many were compelled to seek employment in an unknown environment overseas. Poverty kept the 'reserve price' of female labour in the low-income groups at unacceptably low levels, making them seek work at even below the 'minimum' wage.

As household 'managers', these women also had very limited access to resource and goods to meet the consumption needs of their families. Their social subordination meant they had to combine tasks as best as they could, leaving them little time for community activities. Time-use data indicated that these women had to work at least 14 hours a day in order to perform their economic and domestic roles. Most women, therefore, particularly in poor families, were adversely affected by the economic determinants of change and by the pervasive influence of socio-cultural norms and gender role assumptions.

2. Strategies to Improve the Situation and Productivity of Women in their Multiple Roles

The strategies put forward below need to be incorporated in official policies and plans, in initiatives at grass roots level, and in donor sponsored programmes, if the situation of women is to be improved within a context of distributive social justice, equity and individual and national development.

Formulation of new planning perspectives

Past experience in implementing development programmes as well as women-specific programmes and the perceptions of women themselves have indicated that a re-appraisal of underlying conceptual issues, such as integration in development, is necessary if women are to be assisted to play their multiple roles without detriment to their quality of life. Three sets of requirements for planning future development programmes are identified below.

- (i) Women in Sri Lanka have always been 'integrated in development' as participants in peasant and plantation agriculture and in factory industries; but they have been integrated on unequal terms as low cost labour, secondary earners and unskilled or semi-skilled workers. The concept of 'integration' in any economic enterprise should also incorporate in-built norms. These include: equal opportunity for advancement; equal remuneration for equal work; a working environment that is consonant with human dignity; recognition of women's crucial role in and their contribution to family life, and to the household and national income; and equal partnership of men and women.
- (ii) In view of the current situation where special 'women's projects' operate at the periphery of development programmes and therefore tend to isolate women from the national development process, such projects need to be components of, or have clear and specific linkage with, sectoral programmes. The rationale for organising special programmes should be the need for immediate and temporary interventions to facilitate integration in mainstream development programmes by reducing widespread gender imbalances.
- (iii) Many programmes fail to have a positive impact on women because benefits are expected to trickle down to them from a male head of household or from an entity that is categorised as a 'household' in official statistics. A 'bottom-up' participatory exercise of identifying the specific needs, interests and constraints of women is required to ensure that programmes are relevant to their problems and

aspirations. Adherence to these criteria in programme development is particularly important in times of stress or change when external forces supervene to determine the direction of events. It is also important as a corrective to policies and programmes that tend to isolate women as targets or beneficiaries.

Upgrading the data base

The difficulties this study has encountered in obtaining gender disaggregated data pertaining to the impact of adjustment policies further illustrate the invisibility of women (particularly in the informal sector of the economy and in official statistics on the household) and their relegation to the category of the economically inactive as 'housewives', with a consequent loss of identity and autonomy. Not only is the process of policy formulation and programme planning adversely affected by the distortion of the data base through the absence of gender disaggregation, but effective monitoring of the positive and negative impacts of policies and programmes becomes virtually impossible. The use of occupational classifications from industrial societies and the distinction between 'primary' and 'secondary' economic activity in Census surveys, for instance, tends to obfuscate conclusions regarding the role of women in developing societies.

It is important, therefore, to develop new conceptual definitions and methodologies to capture the full spectrum of women's activities within and outside the household. Only thus can their needs and problems be identified, their roles and work loads comprehended, and appropriate policies and programmes introduced to improve their situation. Where it is difficult to present appropriate national Census surveys because of the need to use terminology that is internationally comparable, sample surveys of households should be conducted so as to ascertain time-use and other relevant data that will ensure a more accurate and realistic presentation of how women function in their multiple roles.

Assisting women as economic producers

It has been seen in Sections II and IV that most women workers in Sri Lanka have been concentrated in low-status, low-skilled and ill-paid economic activities. Strategies need to be developed to improve their economic status and incomes by interventions that will:

- (i) ensure that women have access to land assets in new settlement areas, where the small family farm is the agent of agricultural modernisation. Erosion of their traditional rights through settlement policies have adverse implications for their roles as economic producers and household managers;
- (ii) resuscitate small-scale industries such as handlooms, which collapsed with the liberalisation of the economy, so that women may have more access to adequate income-earning opportunities in areas that have been their traditional forte;
- (iii) make self-employment economically viable by providing women in low-income families with a package of services, such as better access to new materials at reasonable prices, credit on easy terms, training and extension programmes, managerial skills and marketing outlets.

Women in the poorest segment of society need these services supported by infrastructural facilities in order to assist them to reach a 'take-off' point for self-reliance. They also need to be mobilised as producer groups to develop collective bargaining power, self-confidence and control of their resources;

- (iv) provide credit facilities without collateral and high interest rates in order to promote adequate income-generation among women without capital resources. Despite the extension of the Regional Rural Bank scheme and efforts to establish revolving funds, it has not been possible in Sri Lanka to organise a credit scheme that would assist the poor without increasing indebtedness or creating overdependency. The success of the Grameen Bank of Bangladesh, which caters successfully to a clientele that is largely female, provides a model for adaptation;
- (v) improve the working conditions of women industrial workers who are at the bottom of a system created by the international division of labour and national economic policies. The fact that these women have had access to employment does not justify the 'squeezing' of their wages in order to wrest greater profits. It is necessary for the Government to intervene to ensure adequate wages and reasonable prices; to protect women through labour legislation and provisions for labour organisation in the formal and informal sectors; and to provide opportunities for upward career mobility. Negotiations with transnational corporations to promote skill-intensive and labour-intensive industries with commensurate wages are an essential strategy in improving the prospects and status of women in industry;
- (vi) provide migrant women workers, whose earnings are crucial to family survival and maintenance, as well as to enable national revenue, with more systematic assistance to enable them to cope with exploitative recruitment procedures, obtain essential information about workplaces overseas, and make optimal use of their savings;
- (vii) reduce gender imbalances in enrolment for vocational training programmes. It is important that all Government-run training agencies and institutions, including technical institutions, the National Apprenticeship Board and the National Youth Services Council, should actively seek to counter the influence of the 'home economics syndrome', and channel women with relevant aptitudes to courses that provide access to new technologies at all levels and thus to a wider, more economically rewarding range of economic activities and to upward mobility;
- (viii) utilise the media to persuade policy-makers and employers to change their perceptions of women as secondary earners and to remove cultural barriers to their access to technical and managerial employment.

Enabling women to combine roles

Most women in Sri Lanka need to be able to earn income without detriment to their child-care and household responsibilities, and personal development. But traditional norms, which have led to the unequal gender division of labour within the household, are still being maintained while

women's activities outside the home have expanded significantly. Interventions are, therefore, necessary in order to:

- (i) provide adequate child-care facilities, particularly in 'nuclear families' without access to domestic help. Two very vulnerable groups are the children of migrant women workers and victims of civil disturbances, especially in cases where surrogate mothers cannot be found within the kinship network. There is need (a) for a commitment to a national policy for coordination and monitoring of child-care services, (b) for more resources for research, training and equipment, and (c) for a campaign to motivate community participation in the provision of facilities;
- (ii) promote the development of technology to reduce the time and labour spent on household chores, and to make it available at prices within the reach of non-affluent families; and
- (iii) provide inputs into the primary school curriculum and pre-school programmes that will promote cross-gender activities and develop the concept of sex equality and sharing of work, and thereby change their perceptions of separate gender roles.

Improving services used mainly by women

Despite overall positive indicators of the health and educational status of women in Sri Lanka, pockets of disadvantage exist, creating disparities in the quality of life. It appears that Sri Lanka has reached a stage of development in which morbidity has replaced mortality as a critical problem. In this context it is necessary to identify girls and women 'at risk' with respect to malnutrition, which can lead to anaemia and low birth-weight in infants, and introduce compensatory programmes aimed at improving the health of adolescent girls and reducing maternal morbidity, and at providing access to more balanced food. It would also be desirable to give higher priority to the educational needs of illiterate women.

Promotion of gender equality

Education has functioned both as an avenue of socio-economic mobility and as an agent of socio-cultural replication. It is possible to use the educational process and the media to promote more equitable gender relations, and to motivate mothers to refrain from encouraging their sons to be dominant and their daughters to be passive. This may help girls to improve their self-perceptions and empower them to develop as autonomous individuals and as equal partners with men, within and outside the family, and to aspire to leadership roles in the community.

3. Changes in Adjustment Policies to Support Women in their Multiple Roles

In view of the adverse effects of adjustment policies on women that have been underscored in this study, the following changes and intervention programmes are recommended.

Macro-perspectives

International

- (i) Changes in international factors, such as world market prices for primary commodities, exchange rates among key currencies, international interest rates, and levels of protection have had significant impact on the domestic economy of small developing countries such as Sri Lanka. As a result, a larger part of the adjustment burden has fallen on them and, as shown in this study, a substantial portion has fallen on women. The tightening of conditionalities by multilateral lending agencies such as the IMF and the World Bank has intensified the situation.
- (ii) Greater attention needs to be given to current perceptions of adjustment as a one-way process in which developing countries adjust to the demands, needs or priorities of developed countries. It is at least necessary that economic policies negotiated with the international financial institutions do not run counter to national needs and priorities, or erode past social gains, or overlook the special needs of vulnerable segments of the population, such as women, children and families in the poverty groups. A more accommodating approach by such institutions in their lending policies to developing countries is called for.

Domestic

- (i) There should be greater exploration of the scope for adjustments that require less reliance on demand management for restoring economic equilibrium. Demand management essentially aims to reduce domestic absorption and its suitability for developing countries is a matter of debate. A greater focus on supply-side measures is needed.
- (ii) To facilitate the monitoring of adjustment policy effects, it is necessary to ensure that all household and other data relating to important facets of change, such as may occur in asset ownership, the numbers of income receivers and credit beneficiaries, savings patterns and nutritional status, be disaggregated by gender.

Supporting women as producers

Concurrent measures should be taken in employment strategies to ensure that women benefit from economic growth and develop their potential as economic producers.

- (i) Indiscriminate exposure of domestic industry to the international market needs to be prevented. Under the liberalisation package, small industries and some others (e.g. textiles) which were particularly exposed to the international market lost their competitive edge. In view of the labour-intensive character of such industries, some concessionary treatment is recommended. Women would benefit because of their concentration in these subsectors.
- (ii) Export promotion policies should benefit women as well as other producers, the state and entrepreneurs by:

- (a) facilitating negotiations with transnational corporations and other exporters in such a way as to ensure that women in export-oriented factory production or in piece-rate home work receive adequate remuneration and that some of the profits of these enterprises are channelled to improving women's working conditions;
 - (b) being so structured as to facilitate the transfer of technology and the development of skill-intensive industries of a type that would enable women to upgrade their skills, receive higher remuneration and achieve upward occupational mobility;
 - (c) promote greater stability of employment and regularity of work for women through complementary action to ensure long-term stability of markets and consistency of policies.
- (iii) Women in informal sector employment, unpaid 'family work', and casual paid work, into which they have been increasingly thrust since 1977, should be protected through appropriate labour legislation and social security schemes, such as pensions on a flexible instalment system.

Protecting poverty groups

Vulnerable groups such as poor women need to be given greater protection.

- (i) More effective mechanisms should be devised to integrate the poor into the growth process, in particular through income-generating programmes. An important strategy would be to provide access to small, low-interest loans for self-employment projects for women in low-income families; this could rehabilitate families presently dependent on food stamps. Conventional bank practices would need to be modified or other mechanisms created.
- (ii) Until the incomes of the poor can be increased, it is essential that the value of the food stamps going to the poorest 25 per cent be raised substantially and their real value maintained through indexation to the price of rice, the staple food.
- (iii) Social welfare expenditure needs to be restructured so that a safety net is provided with respect to meeting basic needs such as food, health, housing and education, for the most deprived women and their families. This would include improving the administration and outreach of programmes.
- (iv) The education and health services have played an important role since 1977 in softening the effect of income declines on the living standards of the poor; but their ability to do so has depended crucially on their being largely free of charge. Increased funding for these services is required to improve their quality and effectiveness in building up the 'human' capital assets of the poor in the long term.
- (v) Most effective would be the provision of a package of assistance measures designed to raise incomes as well as living standards. In particular, deprived areas or groups of women need to be given priority in targeting programmes.

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