

Dedicated to My Father

**Imbalances in the Location of Industries and Its Impact on
Regional Development of Sri Lanka**

By

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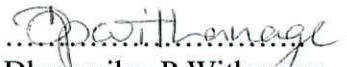


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on 14th February, 2007.

Declaration


The work described in this thesis was carried out by me under the local supervision of Professor P. Wilson, Professor of Economics, Department of Economics, University of Sri Jayewardanepura, and foreign supervision of Professor Sune Berger, Professor of Economic Geography, Karlstad University, Sweden, and a report on this has not been submitted in whole or in part to any university or any other institution for another Degree/Diploma.


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I certify that the above statement made by the candidate is true and that this thesis is suitable for submission to the University for the purpose of evaluation.



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ABSTRACT

Regional development has been the subject of considerable debate during the past few decades. Although it was anticipated that there would be favorable results in other areas consequent to the growth and expansion of industries in the economical more advanced region, empirical evidence from many developing countries has revealed that the backward regions did not appear to benefit significantly from expansion in the more advanced region. Therefore most countries expect a balanced industrial growth to uplift the living standards of regional population.

Almost every government in Sri Lanka believed that more employment opportunities could be generated through the development of the manufacturing industries, and introduced various strategies to achieve this through the development of industries. However these policies aimed at high growth in more advanced region rather than distributional aspects. Some governments that came into power recently have observed the concentration of industries in one region and its consequences and focused their attention on the dispersal policy of industries.

However, although the garment factory programme provided some solution to the problem of regional unemployment the infrastructure facilities provided to the industries under the industrial estates programme failed to attract industrialists to backward regions. Therefore the purpose of this study is to identify the constraints that hinder the realization of regional development through industries. In order to examine these constraints too samples from the Western Province, which is developed region and the North Central Province, which is the backward region were selected. Field information has been obtained

basically through a questionnaire survey. The study is mainly based on the qualitative technique of data analysis. The results show that not only the industrialists in the backward region, but also those in the more developed region too face common problems with regard to industries. The identified constraints are more acute in the backward region.

The findings of the study have revealed that industries cannot be developed solely through the provision of infrastructure facilities. In addition to that lack of a developed market (foreign and local), scarcity of skilled labour, higher cost of production, and the competition from imports too remain the main obstacles to the growth of industries. Therefore these constraints have to be addressed at national level in the attempt to achieve regional development. However this study too reveals that the availability of resources, climatic changes, attitudinal changes and standards of living within different regions cannot be underestimated.