

**A Study on Economic Security of Self-Employed
Women in a Low Income Community in the
City of Colombo**

By

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Premakumara**

Thesis submitted to the University of Sri Jayewardenepura for the award of
the degree of Master of Science on Human Security

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W.W.M.A.S. Premakumara

The work described in this thesis was carried out by me under the supervision of Professor Y.A.D.S. Wanasinghe and a report on this has not been submitted in whole or in part to any University for another Degree or Diploma.



W.W.M.A.S. Premakumara

I certify that this statement is correct.



Prof. Y.A.D.S. Wanasinghe

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Chapter 01

INTRODUCTION

In Sri Lanka, as in other developing countries, self-employment contributes significantly to the income of most households. In the agricultural sector, employment is dominated by self-employment in the form of family farms using mainly family labour, with the help of hired labour. In Sri Lanka this type of agricultural self-employment accounted for 35 per cent of the total employed labour force in 2003. In urban areas too, the informal sector dominates employment activities.

Sri Lankan planners have been paying increasing attention to self-employment activities in recent years. The formal sector cannot be expected to generate sufficient demand for labour to absorb the new additions to the labour force, let alone reduce the existing unemployment and under employment. Moreover, the employment situation is expected to deteriorate further in the near future due to adverse economic conditions of the country.

Against this background, the Sri Lankan Government has identified the promotion of self-employment as one of the strategies to alleviate urban and rural unemployment, especially among new entrants to the labour force. The major advantages of such a strategies are seen to lie in the vast employment generation potential of small enterprises, paired with their relatively low capital requirement for setting up an enterprises and the use of simple technology. Thus it is envisaged that this sector (in urban and rural areas)

can provide viable employment opportunities for those without rigorous training and large amounts of capital, who have little chance to become employed as wage and salary earners in the formal sector.

1.1 Low Income Community

The question of defining whether a community is low income or high income has to be considered in relative terms. With regard to low income groups within specific settlements can be determined by the percentage of households that would broadly be categorized as “low income” by the following definition of the Department of Census and Statistics, which defines poor families as follows: “households that spend more than 50 percent of their expenditure on food and average adult equivalent food expenditure is less than Rs.1338.48 per adult per month are considered as poor households”. According to the definition, 7.6 percent of the urban households are poor and 44.5 percent of households in the lowest income deciles are poor.

In this study, low-income self-employed woman are defined as follows: average per capita expenditure of first five income deciles of the Household Income and Expenditure Survey was the indicator for define low income group in the City of Colombo. It was Rs. 1,327 in 2002. In another words average family expenditure for food was Rs. 5,500 per month (Family size of Household Income and Expenditure Survey (HIES) was 4.2).

Based on this value, the 28 self-employed women who were selected either spend equal or less than Rs. 1,327 per month for food, or belongs to families who spend Rs. Less than 5,500 for food per month.

1.2 Self-employment

Self employment is *'working independently for customers or clients and not for employer'*

According to the definition, self-employed women can be defined as follows.

Self-employed women who earn a living through their own small business or through their own labour.

In this study, self-employed women in Colombo were categorized into three types.

1. Hawkers and vendors who sell their wares from carts, baskets or small shops. They sell vegetables, fish, fruit, prepared food, household goods, clothes and other items.
2. Home based workers who prepare breakfast or lunch for sale, dressmakers and others who work at home.
3. Service providers: (vegetable and fruits sellers), who work as manual labourers or are engaged in laundry services and domestic services.

The economic security of people is defined as those who receive "an assured basic income usually from productive and remunerative work, or in the last resort from some publicly financed safety net." (Human Development Report, 1994)

1.3 Significance of the study

Over 52 percent of the population in urban low-income communities in the City of Colombo constitutes women, but their economic role has not yet been studied in depth. In 1994, females headed 21.4 percent of low-income households. In 1992 it was 18.8

percent and in 1993 the proportion had increase to 20.3 percent. This ratio is expected to increase. Therefore women's role in ensuring economic security of their households will be become more important. The information on self-employment in urban low-income community is as yet rather limited. The available information focuses mainly on specific aspects of self-employment and does not provide a comprehensive picture to assist planners in policy formulation and implementation.

The majority of the women in the urban low income communities are engaged in some form of economic activity that is are often recognized but exactly not valued. It should be noted that women in urban low-income communities perform important economic functions and that the potential of economic security of urban women in low-income group is substantial.

1.4 The study area

Low-income families are spread through out the Colombo Municipality area. However certain areas in Colombo can be considered as relatively better than other areas. These comprise, Cinnamon Garden, parts of Wellawatta, Bambalapitya and Kollupitiya wards. On the other hand there are areas in Colombo Municipality where there is a higher stress in terms of poverty levels. One of these areas has been identified to be Wanathamulla Grama Niladhari (GN) Division, where also exist some of the poorest families in the City. Based on these information it has been decided to select this area for the study.

Demographic and housing information of study area

Table 1.1 - Population

Area	Total	Male	Female	Less than 18 years	18 years & over
Colombo city	642,020	342,529	299,491	180,285	461,735
Thimbirigasyaya DSD	264,624	138,923	125,701	66,679	197,945
Wanathamulla ward	14,023	6,997	7026	4,708	9,315

Source: Department and Census and Statistics

Table 1.2 - Low-income household

	Total Households	Male headed Households	Female headed Households
Low Income Households*	423	198	225
Sample Size (7%)	28	11	17

Source: Department and Census and Statistics, *DS Thimbirigasyaya / GN Wanathamulla

There are 423 low-income (monthly income less than Rs. 7000) families living in the Wanathamulla GN Division, of which 225 are low-income female-headed households. Most of low income communities are located in and around Seevalepura, Base Line Mawatha, Dump watta, Sahaspura, Weluwanapura, T20 watta, T45 watta, T56 watta and Saranapala Himi Mawatha etc.

1.5 Objectives of the study

Earlier studies had focused on low-income housing and income levels in general. Especially Urban Development Authority, focused on housing construction and Department of Census and Statistics conduct Labour Force and Household expenditure surveys in National level. These, available information do not offer substantial or sufficiently in-depth information on the subject of self-employment of women in urban low-income community in the City of Colombo.

The study set out with the following objectives;

General

- (i) To identify the major economic security issues of women in a selected low-income community in the City of Colombo.

The specific objectives are to

- a) identify the different types of employment that low income women are engaged
- b) analyze income and expenditure patterns of self employed women in a low-income community
- c) examining the major problems associated with self-employment

The analysis, mentioned under the objectives, was focused on the following aspects:

- a) The major self-employment activities and the scale of operation;
- b) Factors determining initial entry into self-employment activities
- c) The impact of such activities on the income of households;
- d) The source of funding of the self-employment activities, and the scale of investment;
- e) The nature of the product and services provided;
- f) The level of skill, technology and training involved;
- g) Characteristics of demand and supply;
- h) Consumption patterns and expenditure on food and other necessities
- i) Nature of the savings (assets)