

SURVIVAL OF SMALL INDUSTRIES IN SRI LANKA: PAST PROBLEMS AND PRESENT STRATEGIES

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The need for economic development for full employment, equity, poverty alleviation and regional development in the Third World cannot be over-emphasized. It is well known that agriculture and service sectors, by themselves, are not in a position to achieve these commencing objectives excluding the industrial sector. In the process of economic development industrialization through agriculture-industry linkages is obviously of paramount importance.

In the context of inadequate domestic industrial capital in a broad-based industrial development strategy would obviously place a great emphasis on small industrial sector rather than formatting large-scale industries. Therefore, in order to improve living conditions especially in the rural sector, greater emphasis have been placed on promoting small sector by the successive governments since independence. However, there seems to be a significant gap between the objectives of these policies and their outcome.

The paper reviews how the small sector has progressed in the past and the future survival of these, under the prevailing economic policies. It has found that small sector which exists today has suffered due to certain weaknesses in the industrial policy rather than enjoying promotional benefits. However, the present trade open up will decide the country's future prospects in industrialization and undoubtedly the competitiveness of the industry will be the utmost important factor for the survival of small industrial sector in Sri Lanka.