

**Role of Integrated Economic Circuit Systems in Rural Development: the Changing Trends of the Periodic Market System in Sri Lanka
A Case Study of Gampaha District**

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The periodic markets in the traditional village economy in developing countries have been woven in to integrate economic circuits connecting rural areas themselves and performing rural and urban trading functions. The village fair or periodic market system (*Sathi Pola*) in Sri Lanka has performed multiple functions in addition to exchange of goods in peripheral areas. Being central places within the village areas, these have a pivotal role in circulating rural sector products within the village areas as well as with close by urban areas. Regularly recurring weekly or biweekly, *Sathi Polas* perform retail and wholesale trade, benefiting both producers and consumers. Since the open economic policy in 1977 the whole marketing systems change in favour of urban consumers rather than rural producers. Locally Integrated Economic Circuits propounded by Theo Rauch and Redder (1982) have been applied as an appropriate strategy applicable at best in the autocentric development in peripheral rural areas. The main objective of the study is to identify the new trends of traditional periodic marketing systems under the open economy in rural areas of rapidly urbanizing regions in Sri Lanka. This study is based on several qualitative and quantitative research methods. This comparative study pays attention to periodic markets of both rural and urban areas.

This is an indicator of integrity within the rural economy in the past. However with the opening up of areas into urban sector, increased village population, expansion of transport services and mobility of the people have weakened the role of traditional periodic markets. The changing role of *pola* in village economies can be seen as an indicator of disintegrating the closely knitted village economies. This situation leads to the dependency on goods purchased from outside areas. Therefore it is apparent that created the urban oriented marketing system has disadvantages, by replacing the often replaced the traditional circulation systems leaving aside rural producers.

The finding of the present study reveals several interesting facts:

- 1 The integrated economic circuit of the study area shows the relationship between villagers' productions and their consumer products
- 2 The flows of commodities really demonstrate the villagers' limitations of the relationship with the outside world.
- 3 Cottage industries in the villages are depended on raw materials which are bought from outside of the village.
- 4 The integration of trading circuits with urban areas and increasing efficiency of marketing systems such as night bazaars and super markets in the recent past have affected the rural sector unfavourably.

Key words: *economic circuits, periodic market systems*