

**Socio-economic problems faced by employees at Free Trade
Zones in Sri Lanka
(With reference to Katunayaka Free Trade Zone)**

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ABSTRACT

Capital formation is an essential resource requirement for economic development. Another such essential resource requirement for economic development is the availability of a substantial amount of imports. The rationale behind the notion that imports are a key resource input for economic development is that some developing countries domestic savings are not a perfect substitute for imports. The classical economists argue that domestic saving should be increased for economic growth.

But even if a substantial level of saving is achieved, these countries are unable to produce on their own capital and intermediate goods required for economic development. The ability of developing countries to produce these investment goods is limited by the lack of such factors as Technical Know-how, Technology, Capital Equipment and some Raw materials. In these circumstances the availability of foreign exchange by virtue of its command over imports appears as a limiting factor to growth in the developing countries. From about the year 1977, Sri Lanka faced the problem of foreign exchange shortage; her level of savings was remained below the level of investment envisaged in several development plans.

Therefore, after 1977 the government of Sri Lanka introduced outward looking economic policies. The changes of economic policies positively correlated with economic development in Sri Lanka. Under these outward looking economic policies, the government of Sri Lanka established Free Trade Zones (FTZs) to increase employment, attraction of foreign technology so and so forth. It has been given many facilities to investors who invest at FTZs. Those were tax relief and all foreign exchange free from exchange control etc. But there are low facilities for employees at FTZs. So the intention of this research paper is to find out the problem faced by employees at FTZs and instruct to the government and policy-making bodies to take necessary action to overcome these problems. To find out the problem faced by employees at FTZs, I discussed with 50 employees at garment industries and collected other data from books, Journals Magazines and annual reports of relevant industries. According to this research it has been found that following problem faced by employees at FTZs. Those are Accommodation, Health, Wage, Labour exploitation Transportation and Social problems.