

The Impact of Economic Development on Poverty Reduction in Sri Lanka

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ABSTRACT

This paper attempts to investigate the impact of economic development on poverty reduction in Sri Lanka in the context of achieving the first sustainable development goal (SDG) “No Poverty: End poverty in all its forms everywhere”. Development is a multifaceted process of achieving economic, social and political wellbeing of people. The Human Development Index (HDI) for Sri Lanka in 2017 marked 0.77 points and the 76th place from 189 countries. It is an appreciative position in the South Asian region. Thus, development is measured concerning education, life expectancy and health status and contribution to GDP. Western province including commercial capital Colombo contributes 42.8% to the GDP in 2012 and it is the least poor province in the country. The least GDP contribution (3.7%) is by North province in 2012 which is recorded as the poorest province in the country. As usual western province marks highest contribution to GDP in 39.7% in 2016 while North province remains the least contributor by 4.2%. As a result, western province (39.7%) Central province (10.5%) that claims larger portions of GDP, claim higher benefits from development process. According to 2008, World Bank report, Western province including Colombo is an upper middle income country and the rest of the country is a lower middle income country. Therefore, the provinces with less contribution to the GDP remain underdeveloped areas that lack health and educational achievements. The sectoral analysis depicts poverty as an issue related to estate sector due its continuous large figures. In 2009/10 partial poverty is 5.3% in urban sector, 9.4% in rural sector and 11.4% in estates. In 2016, urban and rural sectors have minimised into 1.9% and 4.3% respectively. Although reduced into 8.8% in 2016 estate sector still marks the highest figure. Therefore, encouraging private enterprises in urban sector, improving educational levels and employment choices in estates, facilitating loans and provide guidelines for SME can be suggested to reduce poverty in order to achieve increase partial contribution to the GDP. When each province contributes to GDP in an equal approach, the distribution of benefits will assure a comfortable life standard devoid of poverty.

Key words: Economic Development, Poverty, SDG

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