

A Study on Poverty Alleviation Program in Sri Lanka — Impact of ‘Janasaviya’ —

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スリランカは福祉国家として知られているが、1970年代後半からの経済自由化政策導入後、経済格差は拡大し、貧困問題が深刻化した。この状況に対応するために、スリランカ政府は、1989年から1994年までジャナサヴィヤ（「人民の力」の意味）と呼ばれる貧困緩和政策を実施した。この政策は、貧困層に対する食糧給付、共同労働、共同貯蓄、自営経済活動の奨励を内容とした。受益家族当たり月額2500ルピーの助成が行われ、経済的自立を支援するために、マイクロファイナンス制度が導入された。本稿はスリランカ中央部の農村において実態調査を行い、貧困緩和政策の経済効果を検証したものである。その結果、ジャナサヴィヤの所期の目的は達成され、貧困層の社会経済的地位も大幅に改善され、貧困層はより積極的に開発事業に参加し経済的自立を達成している。

Introduction

Sri Lanka is considered to be a pioneer Third World Social Democratic country, with its firm liberal democratic institutions, a civil society and electoral politics. Above all these factors, the most important is the commitment of the Sri Lankan state to the welfare of its citizens with the ultimate goal of achieving equity and justice.

The welfare policy of Sri Lanka was assisted by many factors in the past. The grant of universal franchise in the pre-independence period, a very successful economy based on a prosperous plantation sector, all contributed to providing resources for financing the welfare policies of the state. Various governments, which came into power since 1948, have continued this welfare policy by introducing several welfare programs.

Sri Lanka is basically an agricultural country and 45% of its population, are farmers. It was estimated that 22.4% of population was deemed to be below the poverty line in 1991. A large 80% of school pupils after 14 years of age drop out from schools due to the worsening situation of poverty. Though the drop out rate from the rural sector is not readily available separately, it is known that the bulk of these pupils are from that sector.

‘Janasaviya’ was one of the dynamic poverty alleviation programs launched in Sri Lanka during 1989-1994. The implementation of the Janasaviya program in Sri Lanka is not introduction of a new concept of a welfare state. First, there was a strategy of social welfare

measures, such as food subsidies, food stamps etc. but due to the high budgetary cost of these programs, they were terminated subsequently.

After 1977, it was discovered that the need for a participatory poverty alleviation program, or in other words, a bottom ? up approach to poverty alleviation was vital. The forerunner of this program was the Change Agent Program (CAP) launched in 1978. The CAP program oriented an awareness of the usefulness of the participatory approach. However, it did not achieve all the success it envisaged and poverty was still aggravating even by 1989.

The successor to the CAP, was the state’s Janasaviya Program (JSP) which continued the emphasis on community participation with the original intention of giving substantial consumption support to half of the population in Sri Lanka for two years. But it soon became evident that the budgetary cost of this exercise was too exorbitant and was beyond the capacity of the state to bear and consequently the government had to scale down this program and to phase it over a series of geographically defined ‘rounds’. A total of eleven rounds were planned and five rounds have so far been launched by the time of this study.

The government of Sri Lanka started a Janasaviya Trust Fund (JTF) in 1991, to further strengthen the welfare measures of this program. The JTF jointly funded by the World Bank, the Federal Republic of Germany and the State of Sri Lanka. The funds were disbursed for specific purposes to partner organizations such as Non-Governmental Organizations (NGOs). The JTF was not intended to design poverty alleviation programs by itself, but to respond to proposals for projects from partner organizations and from the grassroot groups at village level. JSP beneficiaries too were eligible to apply for JTF credit.

The Janasaviya has benefited 2.7 million people over its five rounds. Entitlement to food stamps was accepted as an entry point to the ‘first round’ of the Janasaviya program. As there were drawbacks in this method of selection, subsequent ‘rounds’ increasingly used the community participation method of identifying eligible households.

Some of the components of the Janasaviya program were groups activities, saragam, group savings, self-employment, labor incentive productions and the Janashakthi Banking System. These activities were monitored and coordinated by the Divisional Secretaries.

Most of the studies, which have looked at the Sri Lanka’s Welfare State experience has been concerned with two issues: effects of welfare on living standards and the relationship between welfare and growth [Jayawardene 1973] . As regards the consequences of welfare policies on living standards, there is near unanimous agreement that the welfare state experiment of Sri Lanka offers a unique, in fact a pathfinding, example of a country committed to interventionist policies which have achieved a greater measure of equality in distribution and has improved its living standards to a greater extent than that attained by comparable countries.

This study has gone into the evaluation of ‘Janasaviya’ poverty alleviation program

adopted in Sri Lanka between 1989 and 1994. Among the various objectives of Janasaviya, one significant objective was to utilize the economically unproductive labor in the labor force. In order to measure the impact of Janasaviya, this study went deep into the socio-economic activities of the Janasaviya beneficiaries. It was revealed that, a considerable role has been played by the beneficiaries of Janasaviya in the labor force. The proportion of JS recipients to the labor force was approximately 35%, which is very significant.

The hypothesis of this study was that, “along with a welfare measure if there is a supplementary program to utilize the unproductive labor force, it will effectively increase the employed segment of the labor force”.

The objective of the research was to test whether the ‘Janasaviya’ program has assisted in overcoming the poverty of its recipients and explored whether it has helped the social and economic sustainability of the beneficiaries.

There had been some lacunae in the evaluation of poverty alleviation programs in Sri Lanka. Therefore this study has tried to fill the gap of such kind of assessment. The study has examined and evaluated the technical and methodological aspects of the ‘Janasaviya’ program and has made recommendations for the future programs of this nature.

The ‘Janasaviya’ poverty alleviation program, which emphasized on community participation, with the original intention of giving substantial consumption support to the poorest in the country for two years. Monthly grants of Rs.2500/- were allocated per household under this program. Out of this grants 58% was allocated for consumption and 42% was sent to a compulsory savings account of the beneficiary. It was expected to save Rs.25000/- for each recipient at the end of two years for micro finance projects or self -employment.

This study has focused on the welfare measures towards the labor force and the structural changes in the labor market and thereby examined whether the employed labor force had been increased and unemployed labor force had been decreased. It was revealed that, a considerable role had been played by the beneficiaries of the Janasaviya program in the labor force. The proportion of beneficiaries in the labor market was about 35% in the labor market in Sri Lanka.

A field survey was conducted in Kurunegala District, the most advanced dry zone district in terms of poverty alleviation programs in Sri Lanka. In the field survey it was covered both irrigated and rain- fed agricultural areas in the dry zone district.

In this study a comparative investigation was done on the situation before and after the implementation of the poverty alleviation program. The study revealed the changing pattern of the labor market during the two periods: i.e. before and after the program.

This article mainly discusses on the literature, which has been published on poverty issues and the global concept of poverty and the place Sri Lanka holds. It also examines the outcomes of the research. Emphasis has been given to the structural changes in the labor market. A

significant positive change has been revealed by the impact of the program. Several formal employment and non-formal employment opportunities have been created after the poverty alleviation program. The findings were tested by a multivariate analysis in order to make sure that the findings of the study were statistically significant.

1. Literature Review on the Concept of Poverty

Everywhere in the world there are plenty of poverty situations. Therefore, attention of many authors, scholars and researchers to this concept is rapidly growing. At present, a much literature is available on poverty.

Among others, Amartya Sen has developed a theory of entitlement systems on the concept of poverty [Sen 1981] . This is concerned with that approach. Similarly, conceptualization of poverty and measurement of poverty are examined.

Starvation is the characteristic of some people not having enough food to eat. Sen argues that it is really not the case of there being not enough food to eat. Starvation statements are about the relationship of persons to the commodity. In order to study starvation, it is, therefore, necessary to go into the structure of ownership. Ownership relations are one kind of entitlement relations. The Entitlement relations in a private ownership market economy typically are as follows among others:

- (1) trade-based entitlement: The entitlement accepted as a result of obtaining by trading something with a willing party.
- (2) production-based entitlement: The entitlement accepted as ones production using one’s own resources or resources hired from willing parties.
- (3) own-labour entitlement: The entitlement for one’s labour power.
- (4) inheritance and transfer entitlement: The entitlement obtains for some thing which is willingly given by another who has a legitimate ownership.

The set of alternative bundles of commodities one person can acquire in exchange for what he owns could be called the exchange entitlement of what he owns. The ‘exchange entitlement mapping’ (the function that specifies the set if alternative commodity bundles that the person can command respectively for each endowment bundle). is the relation that denotes the set of exchange entitlements for each ownership bundle. For study purpose, ‘E’ is the entitlement set of person, can be characterized as depending on two parameters, viz. the endowment of the person (the ownership bundle) and the ‘exchange entitlement mapping’ (the function that specifies the set of alternative commodity bundles that the person can command respectively

for each endowment bundle). Given the E-mapping, it is in this way able to understand those ownership bundles- may call them collectively ‘starvation set’ that must, thus, lead to starvation in the absence of non-entitlement transfers (e.g. charity). A person’s exchange entitlement that is determined by the following factors among others:

- (1) feasibility of finding an employment and if possible how long and at what wage rate;
- (2) what he can earn by selling his non-labor assets and how much it costs him to buy whatever he may wish to buy;
- (3) extent of production that one can produce with his own labor power and resources he could buy and manage;
- (4) the cost of purchasing resources and the value of the products he can sell;
- (5) amount of social security benefits he is entitled to and the taxes, etc. he must pay.

It is clear that a person’s ability to avoid starvation will depend on his ownership and on the exchange entitlement mapping that he faces. Though, his starvation is caused by food shortage in this way, the immediate reason for starvation will be the decline in his exchange entitlement. Due to some economic changes, his employment possibilities may be affected, and leading to worse exchange entitlement. Similarly, his wages can fall behind prices. These diverse influences on exchange entitlements are as relevant as the overall volume of food supply vis-a-vis population.

The modes of production may influence the exchange entitlement faced by a person. The exchange entitlement differs depending on economic prospects, modes of production and person’s position in terms of production relations. For example: landless laborer will exchange his labor power for a wage while the share- cropper has an entitlement for a part of the product. The exchange entitlements will be vastly differed when there is a distress situation. Similarly, those who in the service sector are more exposed to famines when there is an unexpected price hike in the market price of the goods (e.g. barbers).

Some states provide social security allowance for those who are unemployed. The exchange entitlements depend on these social security programs too. The social security arrangements are a safety net in the context of starvation. Particularly, unemployment is very high in England and America. Due to social security arrangements there would not be starvation and famine. In developed countries there are systems of providing minimum entitlement allowance until he gets a job.

The food supply has been comparable or faster than the expansion of population. Even the food supply is constant or stable there can be a starvation because starvation is a function of entitlement and not of food availability as such. Some of the worst famines have taken place

without any decline in food availability per head.

Then the important question is what determines distribution of food in different sections of the community? The entitlement approach finds it as dealing with ownership patterns to the various influences that affect exchange entitlement mappings. One person out of eight starves regularly in the world [Aziz 1975: 108,123]. Thus, it is seen as an inability to establish his/her own entitlement to enough food and not the physical unavailability of the food in that area. The approach of entitlements focuses in terms of ‘who can “command” what’ rather than in terms of ‘what “exists” in the area’ in question.

The entitlement approach concentrates on the person’s ability to command enough food available in the particular area. Furthermore, it concentrates on those means of commanding food that are legitimized by the legal system in operation in that society. While, the entitlement approach concentrates on each person’s entitlements to commodity bundles including food, it also views starvation as resulting from a failure to be entitled to a bundle with enough food.

(1) Concept of Poverty

The concept of poverty is required first because, as to who should be focused as poor. The specification of consumption norms or of a poverty line would play as a yardstick. Those people whose consumption level or income falls below from the set standard are considered as poor. Poverty is a characteristic of the poor rather than the non-poor. According to the concept of poverty presented by M. Rein [Rein 1971], there are three broad concepts of poverty, viz. (1) subsistence, (2) inequality, and (3) externality. These theories deal with the interest of (1) only the poor, (2) both the poor and the non-poor, and (3) only the non-poor. The concept of poverty should be mainly based on the poor. Therefore it seems a bit grotesque that the concept of poverty should be concerned only with the non-poor (3) and Prof.Sen simply ignored it. However, he further says that externality (3) can be discussed with the effects of the poverty and not with the concept of poverty.

The concept of poverty must include (1) method of identification and (2) method of aggregation. The identification is first and the aggregation is second and the consumption norms or the poverty line may be the method of identification. The simple and traditional way of aggregation is head count(H) measure which count the people under the specified poverty line and present as a percentage to the total population in that particular society or country. ‘H’ system has two serious drawbacks at least. It has no account of the extent of the short-fall of the poor from the poverty line. Secondly it is insensitive to the income distribution among the poor. Following are the alternative approaches to the concept of poverty that one can find in the literature.

The Biological Approach [Rowntree 1901]

Rowntree has presented a concept of ‘Primary Poverty’ (PP), which means that if a family’s total earnings are insufficient to obtain the minimum necessities for the maintenance of merely physical efficiency, that family is being in PP.

The biological approach has been criticized due to the following weaknesses. First, there are significant variations related to physical features, climatic conditions and work habits. There is a difficulty in drawing a line somewhere, and the so-called ‘minimum nutritional requirements’ vary between groups and regions.

Second, the minimum nutrition level varies on choice of food commodities. The actual incomes at which specified nutritional level is met will depend greatly on the consumption habits of the people concerned.

Third, the non-food items are not included assuming that a specified proportion of total income will be spent on food. However, the proportion spent on food varies with habits, culture, relative prices and availability of goods and services.

Inequality Approach [Rein 1971]

The inequality approach is one of the theories presented by M. Rein in his publication titled *Problems in the definition and measurement of poverty, in Townsend*. Arguments in favour of viewing poverty as inequality are presented powerfully, by Miller and Roby [1971: 143]. The inequality approach discuss the concept of poverty is essentially one of inequality between the poorest group and the rest in the community, viz. the differences between nature and size of those who live at the bottom (10% or 20%) of the society and the rest of the community in that society. It concerns narrowing the differences between these two groups. In fact, inequality and poverty are not unrelated. On the other hand the two concepts do not subsumes each other. A different distribution system may cure poverty even without an expansion of the country’s productive capabilities.

Relative Deprivation [Runciman 1966]

W. G. Runciman presented the Relative Deprivation Theory in his book titled *Relative Deprivation and Social Justice* which is especially related to the sociological literature [Runciman 1966]. Meanwhile, Peter Townsend presented the Relative Deprivation Theory in his publication *Poverty as Relative deprivation: Resources and Styles of Living*, in Wedderburn [Townsent 1974]. The both authors have presented two rather different approaches to the relative deprivation concept. The concept of relative deprivation has been fruitfully used in the analysis of poverty. Being poor has a relative connection with being deprived. For a social living being, the concept of deprivation will be a relative one. One distinction concerns the contrast between ‘feelings

of deprivation’ and ‘conditions of deprivation’. Townsend has argued that the ‘conditions of deprivations’ has a better usage [Townsend 1974: 25-26]. One could use relative deprivation in an objective sense to identify situations where people possess less of some desired attribute, be it income, favorable employment conditions or power, than do others.

In contrast, ‘conditions of deprivation’ cannot be independent of ‘feelings of deprivation’, where material objects are concerned. When the material objects are evaluated feelings of the people are also very important. Therefore, the dissociation of ‘conditions’ from ‘feelings’ is very difficult, and an objective diagnosis of ‘conditions’ requires an objective understanding of ‘feelings’.

The second contrast concerns the choice of ‘reference groups’ for comparison. The people in the group generally compare themselves, and this may be the most difficult aspect of the study of poverty based on relative deprivation. Especially, one’s sense of deprivation has a close relationship with one’s expectations and also one’s view of what is fair and who has the right to enjoy what.

For the social analysis of poverty these different issues related to the general notion of relative deprivation are very important. However, the approach of relative deprivation, with all its variants, cannot really be the only basis for the concept of poverty. For example, a famine will be readily accepted as a case of acute poverty regardless of what the relative pattern within the society happens to be. Indeed, in the idea of poverty, there is an irreducible core of absolute deprivation, which translates reports of starvation, malnutrition and visible hardship into a diagnosis of poverty. Therefore, the approach of relative deprivation supplements rather than supplants the analysis of poverty in terms of absolute poverty situation.

Value Judgement Concept

The view that the ‘poverty is a value judgement’ has recently been developed by many authors. It seems that poverty as something that is not approved of by the society and the elimination of poverty is naturally regarded as morally good. Mollie Orshansky has argued that the poverty, like beauty, lies in the eye of the beholder [Orshansky 1969] . This view seems to be primarily a subjective one: unleashing one’s personal morals on the statistics of deprivation.

Sen has argued against this approach. It is important to distinguish between different ways in which the role of morals can be accommodated into the exercise of poverty measurement. There is a difference between saying that the exercise ‘is itself’ and saying that the exercise must ‘take note’ of the prescriptions made by members of the community. It is clear that to describe a prevailing prescription is an act of description. In the case of poverty it is always defined according to the conventions of the society in which it occurs. The conventions of the society are matters of fact for studying and measuring poverty. At the same time, they are not issues of

morality or of subjective search and this does not make the exercise of poverty assessment in a given society a value judgement.

Adam Smith has presented this point of conventions of the society very clearly more than two hundred years ago [Smith 1776] . More over, Karl Marx in a similar vein has argued on this point [Marx 1867] .

What is the policy definition for the measurement of poverty? The measurement of poverty may be based on certain given standards. Sen argues that there are at least two difficulties with this policy definition: First is that, the practical policy making depends on various influences. Since the policy is a function of political organization, political influences are inevitable. If the ‘policy definition’ is interpreted in terms of actual policy, it may fail to catch the political issues in policy making.

Second difficulty with the policy definition is that there is clearly a difference between the notion of ‘deprivation’ and the idea of what should be eliminated by the policy. However, Adam Smith’s notion of subsistence based on the essential commodities for the support of life and the custom of the country accepts it indecent for someone ‘to be without’ is by no means identical with what is generally accepted as could and should be provided to all as a matter of policy.

Therefore, the ‘policy definition’ is based on a fundamental confusion. There are changes indeed, in the notion of what count as deprivation and poverty with economic development, and there are changes in the ideas as to what should be done too. Both these two types of changes are interdependent and inter-temporally correlated with each other. The measurement of poverty must be seen as an exercise of description assessing the predicament of people in terms of the prevailing standards of necessities.

Standards and Aggregation

There are two main issues with this regard. First, in comparing the poverty of two societies, how can a common standard of necessities be found, since such standards would vary from society to society. In such inter-community comparisons, there are two exercises, which are quite distinct types from each other. One type is comparing the extent of deprivation in each community in relation to their respective standards of minimum necessities. The other type is concerned with comparing the predicament of the two communities in terms of some given minimum standards. Second, while the exercise of identification of the poor can be based on a minimum needs, that of aggregation requires some method of combining deprivations of different people into some overall indicator. For the purpose of aggregation some relative scaling of deprivations is necessary. In this the scope for arbitrariness is much greater since conventions on this are less firmly established.

Sen, in his concluding remarks, has viewed poverty is, of course a matter of deprivation.

The recent shift in focus from absolute deprivation to relative deprivation has provided a useful framework of analysis. The highly criticized biological approach, relates to this irreducible core of absolute deprivation, keeping issues of starvation and hunger at the center of the concept of poverty. Next, the viewing of poverty as an inequality seems to do little justice to either concept. Even though, poverty and inequality relate closely to each other, but they are distinct concepts and neither subsumes the other.

The measurement of poverty is not an ethical exercise, but primarily as a descriptive one. The frequently used policy definition of poverty is fundamentally flawed. The prevailing standards of necessities do involve ambiguities, which are inherent in the concept of poverty. In choosing between permissible procedures and possible interpretations of prevailing standards requires recognition and appropriate treatment.

Entitlements and Deprivation

The Food and Agriculture Organization (FAO) reports on famines hold the view that the supply of food decline is the cause for the famines. But some empirical studies of some of the larger recent famines have confirmed that famines could spread even without a general decline in food availability. There are many variables other than the general availability of food, for causing starvation. The FAO approach does not look into the relationship of people to food, and as a result it deals very little about starvation. In a situation, when starvation is accompanied by a decline of food supply, why some groups had to starve while other groups feed themselves. The problem of why some groups did not have food and what allows one group to get hold of the food that is there? These questions lead to the entitlement approach, which going from economic phenomena into social, political and legal issues.

A person can command any food or commodity as he wish to acquire or retain if he has the ability. It depends on the entitlement relations that govern possession and use in that society. Further, the ability to command food depends on what he owns, what exchange possibilities are offered, what is given or blessed with, and what is taken away from him. For example, a general laborer has to earn his income by selling his labor power. It depends on whether he can find an employment and if so, at what wage? A sharp change in the relative wages may cause the food entitlements of the laborer fall below the starvation level.

The starvation may be caused not by food shortage but by the lack of income and purchasing power. Here income does give one entitlement to food in a market economy. The income-centered view will be more relevant for famines occurred in a market economy. In those circumstances even income does give command for food, it is a partial picture of the entitlement pattern and starting to say ‘shortage of income’. Sometimes it simply says people died because they didn’t have the income to buy food, but the other half of the picture is hidden. Truly,

how come they didn't have the income? The answer to this question leads to the entitlement approach, according to Sen. The main advantage of the entitlement approach rests in providing a more comprehensive account of a person's ability to command commodities in general and food in particular.

Sen says that classifying the population into the rich and the poor may be discriminating to the poor sector. But it is far too undiscriminating in analyzing such classification as starvation, famines or poverty. According to FAO, food availability per head is a grossest category and it does not go into the refinement of categories of population. Prof. Sen further says it demands much greater refinement of categories to be able to characterize entitlements of different groups, in accordance with their endowments and entitlements. The gross characterization of poverty, do lead to distortions of public policy, and to prove that there is a certain amount of empirical evidence, according to Sen. Using the head count measure of poverty, most of the poverty alleviation policies concentrate on the people who are just below the poverty line rather than on the poorest category who are in the bottom of the poverty line.

2. Socio-economic Overview of Janasaviya

(1) Beneficiaries

The South Asian Region is one of the poorer regions in the world [Indraratna 1992] . The South Asian Region (SAR) had a population of 1.1 billion out of the total world population of 5.3 billion in 1991. It has been estimated that poverty in the SAR 1991, would have been approximately 30-40% of the population. According these estimates, the number of poor is between 330 million and 440 million. If the rate of poor is taken at 40%, then nearly 360 million poor would have been living rural areas and 80 million in urban areas. Subsequently, given the present trends in population and growth and in the absence of the concerted effort at poverty alleviation, the number of poor in the SAR is likely to increase.

“Poverty is a familiar concept and has existed in every society at all times. However, estimates of the incidence of poverty vary widely in the SAR, depending on the concept of poverty, the method of measurement and the data base used” [SAARC 1992].

The Gross National Product (GNP) per capita income in Sri Lanka was US \$ 470. According to the World Bank Development Report of 1992, the GNP per capita income Switzerland, which was the highest income earning country that year was US \$ 32,650. According to this, Sri Lanka occupied the 32nd place among the low income earning countries. The monthly per capita income in Sri Lanka was calculated at Rs. 1,840/- [Fernando 1993].

However, according to an article published in the *Asia Week* the per capita income in Sri Lanka for 1992 was US \$ 510, while it was US \$ 35,200 in Switzerland. This puts Sri Lanka in 29th place in world rankings.

“As a developing country, Sri Lanka had a population of 17.0 million towards the mid 1990. 48% of the population consists of households earning less than Rs. 1500/- per month, while 28% of households earn less than Rs. 700/- per month. Moreover, 74% of the population of Sri Lanka were dependents.”

“Measuring poverty in Sri Lanka, has come up with different estimates depending on the methodologies used in determining the poverty line, the calorie norm and computation of income or expenditure. The minimum cut-off point in eligibility for State Assistance is Rs. 700/- per month per household. The number of households in absolute poverty was 27% in 1986-87, whereas poverty was 19% in 1978-79. The estimated poverty was still higher at 39.5% of the population in 1985-86.”

Poverty was comparatively higher in the rural sector than in the urban sector. A high level committee of officials on Poverty Alleviation Through People Based Development observed that, on the basis of calorie intake, while 25% of the people are below the poverty line, 7.5 million or 50% of the population live on food stamps.

Where the poverty line has been determined at one point of time and updated for subsequent periods using some index for the rise in the cost of living of the poor, the error invariably amounts to protecting the “Purchasing power” of the reference year. However, in view of the complexity of translation concepts into measurement, perhaps this is one measure on which some reliance could be placed for quantitative analysis. “It has been suggested that poverty should be estimated by the following direct measures : [SAARC 1992] (a) Physical well-being indicated by various scientific measures of malnutrition, especially that of children, and (b) Quality of living environment, reflected by quality of housing, access to safe water, and sanitation.”

“It has been borne out by research that the poor have a hierarchy of priorities. These are reflected in their ‘Survival Needs’, ‘Securities’, ‘Social Consciousness Needs,’ and ‘Self-respect Needs’. These needs are hierarchical in the sense that as the lower needs are met, the higher ones become more significant; the poor need to be empowered to enable them to realize their priorities.”

“Since more than 82% of the poor live in the rural setting there is a predominant impact on the poverty situation in Sri Lanka.” Availability of work and the level of wages determine, to a large extent, the income levels of the majority of the poor who are landless and also of the marginal farmers who have, necessarily, to supplement their income as agricultural laborers.

Janasaviya could be best defined as a blessing to the poorest of the poor who were caught up in a ‘vicious circle’ of poverty and earning below the poverty line. It was a special concept implemented for the first time in a developing country.

The history of the JSP goes as far back as 1989 when the JS Bill was presented in

the Parliament of Sri Lanka. The JS Bill which was presented by the Honorable. Minister of Agriculture, Food and Cooperatives Mr.Lalith Athulathmudali had stated;

“This Janasaviya Bill must be seen as an important milestone in the general poverty alleviation program of the government. I do not think you can see this Bill in isolation. You have to see it in the context of the poverty alleviation program. You may look at it differently, but by and large, the objectives will be the same. That is why we want to make this program something in which everybody can participate. We would be happy if we can say at the end of the program that everybody has participated, that the program has been successful, and then we can all take pride in that success.”

The Supreme Court, in one of its observations, said that the Appeals Board set up under this Bill should not be appointed by the Minister, that they are going to perform judicial or quasi-judicial functions, and therefore, they should be appointed by the Judicial Services Commission. We are very happy to accept that observation because it seeks to strengthen what we have in mind, a non-political, a non-communal, a non-partisan programme under the Janasaviya. Whether the recipients voted for or against the party in power will be totally irrelevant to the question of the availability of relief under the programme.

This concept of Janasaviya must be well understood. The most important thing to remember about Janasaviya is that it is not a dole. It is not a charity allowance. It is linked with development. It is basically an investment in people. To do that, it tends to look at people somewhat differently from the way we have traditionally looked at them. Therefore, we are looking at people in a different way, hoping and expecting people to respond in a somewhat more active way. More than anything else we are placing at the most important point the role of the people in implementing this program. That is why, in this House we must set an example to the people. All of us, to whichever political party we may belong, must want to play an useful and active role in a way that this program would be a success. I say these things about development. Development is also a word used throughout the world, is also always considered a good thing. We intend in this program to ask the question, ‘Development for Whom?’

Some people in the process of analysis will talk about growth rates, distribution, industrialization, land reform and a variety of things. The starting point and the ending point of this program in relation to development is best stated in the speech which His Excellency the President Hon.Ranasinghe Premadasa made at the high level officials’ conference on policy guidelines on poverty alleviation held on 13th February 1989.

“Whatever development we may bring about should be to the benefit of the poor. Development, in any sense, should help people live. It is to help people live that we need irrigation facilities, highways, electricity” [Parliament 1989].

He emphasized the fact that there was going to be no selection, but only an identification

by the ‘Sahayaka Kandayama’. In case some are aggrieved by the identification process there was room for an Appeals Board, appointed by the Judicial services Commission to go into the grievances. Ultimately, it was the people themselves that were going to identify the beneficiaries. No public official was to have a hand in the selection.

The President then spelt out the details of the scheme. A family would get Rs.2500/- per month; Rs. 1458/- for consumption and Rs. 1042/- per month for savings. It has to be borne in mind that the consumption allocation could be converted into savings at the will of the families concerned who would decide how much would be set aside for consumption and how much would be put by for savings. Even from the consumption component of Rs. 1458/-, Rs. 458/- were to be deposited in a bank which could be drawn for consumption if there was a need. The Rs. 1000/- that would go to the ‘Janasavipatha’ could be deposited as savings within one month if there was no necessity to utilize it.

At least there will be Rs. 25,000/- to their credit in the National Savings Banks in this country. That will bring in a fundamental change in the way people think about savings and the way people think about production. So the purpose of that, if you change that attitude, is to get them to look at themselves as being people who can own assets. At the end of the two years this change will take place. This allowance is a support provided for the people to get their necessary nutrition for their physical growth. We are moving in this towards a work-for-pay principle.

There will be a counselling unit called ‘Sahayaka Kandayama’. They will have to become the friends of the people. They will not have the normal approach a public servant has to the people as being some kind of objects of their largesse. So we would require the people in the ‘Sahayaka Kandayama’, particularly the public servants, to have a changed attitude towards these people. They will have to look upon these 50 families in the hamlet as people whom they have to help upwards. That approach is necessary.

The counselling procedure will be for all the people of the hamlet, to get them more into the productive process, to get them looking at life a little more optimistically, to see that they get some support for their further advance. The Janasaviya is only a part of the poverty alleviation program [Parliament 1989].

A Janasaviya Task Force on Economic Activities was to be set up and structured as follows;

- (a) Hamlet level Task Force
- (b) Divisional Co-ordination sub-group
- (c) District Co-ordination sub-committee
- (d) Provincial Co-ordination sub-committee
- (e) National Co-ordination Committee

It was presumed that during and after two years of operation of relief, the beneficiaries would improve their nutritional level, have their dignity restored, and would be able to develop skills and use available resources self-reliantly. When at the end of two years, their relief ceased and if they had still not brought into operation their income generating production units, how were they going to sustain the total human development hopefully achieved? If the Janasaviya beneficiaries didn't have a sustainable monthly income at the end of the second year, it is hard to believe that they will not slip back into their former situation of abysmal poverty.

“Further if the relief to be granted through these involved operational procedures discussed in the Bill, and to yield results, in maximizing the utilization of human resources, it is imperative, that the investment component in full should be given at least one year after the operation of relief. The administration of the relief and investment would have to overlap from the beginning of the second year, during which period Janasaviya beneficiaries hopefully would have been restored physically, materially and psychologically. They have to get into production before the end of the second year of relief. But even if this is done, there are many glaring contradictions inherent in the Janasaviya investment component scheme viz-a-viz. the open economy policies that the government has to clear, if it is not going to jeopardize its own program” [Parliament 1989].

The major objective of the ‘Janasaviya’ concept was alleviation of poverty of the poorest segment of the population. This concept has been based on the value of human resource as the highest resource of the world. Therefore, a major attempt has been made to enlist the human resources for the eradication of poverty. It has emphasized the strongest need for the development of the human resource.

“Janasaviya recipients were selected from among those who were earning less than Rs. 700/- per month. It has been estimated that they would earn around Rs. 2500/-per month with the completion of the program. As a result, the estimated per capita income increase would rise to about US \$ 638. If a family is able to earn an annual income US \$ 638 due to ‘Janasaviya’, Sri Lanka can then reach the 28th place among the countries earning a lower middle income” [Fernando 1993].

Janasaviya was first launched on the 2nd of October 1989, based on the following principles:

- * Trust the people, specially the poor.
- * People will decide and do, others support them.
- * The poor must be separately organized.
- * A country - wide process of learning by doing.

- * All procedure to be open and transparent.
- * Do ‘what is just and right.

The Janasaviya program has been planned to be implemented step by step throughout the country. Each step has been identified as a ‘round,’ which would cover one or two AGA divisions in one administrative district. Each ‘round’ of the Janasaviya Program will be implemented during a period of 2 years and the active program was scheduled to be implemented in 11 rounds [Janasaviya Commissioner Department 1991]. The progress of the rounds of the Janasaviya program is shown in the following table (See Table 1).

Table 1. Janasaviya Recipient Families.

No. of Rounds	Duration	No. of families	Cumulative Total
1. Round one	1989-91	154,345	154,345
2. Round two	1990-92	101,779	256,124
3. Round three	1991-93	99,000	355,124

Source: Fernando 1993.

Three rounds of the Janasaviya programme have been successfully completed and it entered its fourth round in 1993. Two main components of the ‘Janasaviya’ could be shown as follows in two stages:

First Stage: Awarding of the Janasaviya basket valued at Rs. 1000/- per month and encouraging a saving of Rs. 458/- per month.

Second Stage: Compulsory investment saving of Rs. 25,000/- during 24 months and consequently a payment of Rs. 250/- per month as interest.

The aim of awarding the Janasaviya basket consisting of 25 items is to create a atmosphere conducive to upgrading the living conditions of the poorest of the poor, earning an income below the subsistence level. The major objective, thus, is to enlist the participation of the poor in the development process by upgrading their standard of living through providing nutritious food.

Consequent to the award of the Janasaviya basket, it was evident that the market demand increased significantly due to the enhancement of the purchasing power of this larger segment of the population.

Since all items included in the basket were purchased by the recipients, a correct idea about the market situation could be obtained by multiplying the number of Janasaviya items by the

number of recipients. The following Table provides an idea about the increased market demand generated through a Janasaviya round. The Janasaviya Programme seeks to foster the recipients and encourage them to produce the goods they consume in order to enlist their maximum participation in the growth of the Gross Domestic Production (GDP). When there is a ready market for a product, it is assumed, that the production would increase proportionately in order to meet such demand. If the production is of a labor intensive nature, an increase could be achieved in the short-run itself because of the surplus labor available in the rural sector. However, if it is of a capital intensive nature, an increase in production would be possible only in the long run. Janasaviya encourages labour intensive production utilising family labor or exchange labor. New job opportunities in the labour market will be generated as a result of the additional demand for production that gives rise to a demand for extra labor.

Taking into consideration the list of goods scheduled to be distributed, it becomes evident that the process involved an extensive production program. Steps should be taken to increase the quantity produced and reduce the prices to the lowest level in order to discourage any unfair profit margins. The objective of making the Janasaviya recipients self-reliant will be totally defeated if the private sector was engaged in the production of goods because their sole motive was to maximize their profit margins. Further, the majority of beneficiaries would have to purchase only a limited amount of goods.

“The rural labour market consists of the following types: Family labour, Hired labour, Exchange labour and Contract labour. ‘Family labour’ is used extensively for farming. ‘Hired labour’ can further be divided as permanent and casual hired labour [Hiroshima and Muqtada 1986]. ‘Exchange labour’ known as ATTAM is mostly used in rural farming, which had not been counted. However, contract labour supply according to an agreement would be counted. Conventionally, the female population is, by and large, shown as a dependent category, engaged in domestic and other so-called non-productive activities. The fact that they could be regarded as ‘unemployed’ is, by the above token, conveniently ignored. However, female labor was now being used in household activities as well as in economic activities. Therefore, the female labor supply for economic activities should be estimated as ‘employed’.

Wage level of labour in the rural sector was low in comparison with that of the urban sector. Furthermore, the wage for female labor was comparatively low in relation to male labor. In this context, female labor was discriminated against male labor in developing countries. Even though, the wage was low, female labor supply was readily available due to the fact that a woman could hardly find any other job in the rural sector. For this very reason, there was no bargaining power for female labor in the labor market, the wages being usually decided unilaterally by the employer.

Generally, some of the reasons for low wages are: constant influx of unskilled labor,

limited competition among employers, and surplus supply of labor. The main feature in the rural labor market was the constant flow of uneducated and unskilled laborers who had been categorized under unspecified or inadequately specified accepted occupations. This stands at 2nd place next to agricultural workers. The unspecified workers flow into the labor market, once children stopped schooling and started looking for employment. It was found that unspecified occupations, prevailed at the rate of 7% in Polpitiyagama and 4% in Maho, among the Janasaviya recipients. Further, the competition among employers was limited because labor intensive manufacturers were limited specially in the rural sector. Thus, demand for labor was not higher in comparison with the supply of labour. Due to the scarcity of job opportunities and the influx of new labor into the market there would be surplus of labor.

(2) Employment Categories

The employment categories of people living in the two divisions are in accordance with the Employment classification published under “accepted employment categories” in General Report of the Department of Census and Statistics in 1981. Accordingly, all formal & informal employment has been classified into accepted eight Categories.

Professional, Technical and Related Workers

In the survey report, under Professional, Technical and Related Workers, for the convenience of the study, Technicians, Drivers, Masons, Carpenters and Blacksmiths have been categorized. It was almost the same in Polpitiyagama Division and Maho.

Sales Workers

The Traders and vendors of the area have been classified under this category. It was higher in Polpitiyagama Division than in Maho Division respectively.

Agricultural Workers and Fishermen

The majority in the labor market were Agricultural workers and Fishermen. Most of them cultivate their own land for family consumption as well as for the market. Family labor was used extensively for farming, which could be considered as an economic activity’. However, the use of family labor for farming is generally not considered as labor engaged in an economic activity. Hence it was seen that the number of man hours was under estimated. Agricultural workers and Fishermen take first place both in Polpitiyagama and Maho with 79% and 88% respectively.

Production Related Workers

The small scale-household producers and self-employed manufacturers of this nature have been classified under this category. It was higher in Polpitigama than in Maho.

Unspecified or inadequately specified Occupations

In addition to the above employment categories, other employees have been categorized into this group. This employment category was higher in Polpitigama than in Maho.

Table 2. Currently Employed Population by Sex in Polpitigama

Accepted Employment Category	Male (%)	Female(%)	Total (%)
1. Professional, Technical and Related Workers	2.3	1.2	1.8
2. Administrative and Managerial Workers	Nil	Nil	Nil
3. Clerical & Related Workers	Nil	Nil	Nil
4. Sales Workers	6.4	6.8	6.7
5. Service Workers	Nil	Nil	Nil
6. Agricultural Workers & Fishermen	83.0	73.5	78.9
7. Production & Related Workers	4.7	7.4	5.8
8. Unspecified or Inadequately Specified Occupations	3.7	11.1	6.8

Source: Dept. of Census & Statistics 1981.

According to the above Table 2, males are higher than females in Agricultural Workers & Fishermen employees in Polpitigama. In contrast, Unspecified or Inadequately Specified Occupations, females out-number the males. Similarly, in the employment category Sales Workers, females are higher than males.

Table 3. Currently Employed Population by Sex in Maho

Accepted Employment Category	Male (%)	Female(%)	Total (%)
1. Professional, Technical and Related Workers	3.4	0.8	2.4
2. Administrative and Managerial Workers	Nil	Nil	Nil
3. Clerical & Related Workers	Nil	Nil	Nil
4. Sales Workers	1.4	3.0	2.1
5. Service Workers	Nil	Nil	Nil
6. Agricultural Workers & Fishermen	88.9	85.6	87.6
7. Production & Related Workers	3.4	3.8	3.5
8. Unspecified or Inadequately Specified Occupations	2.9	6.8	4.4

According to the Table 3 in Agricultural Workers and Fishermen category, males dominate females in Maho Division. In contrast, in Unspecified or Inadequately Specified Occupations, females out-number the males. Similarly females are higher than males in the employment category of Sales Workers. Further, in the employment category of Production and Related Workers females dominate males.

A need had arisen to commence Co-operative societies to assist production as well as the distribution of Janasaviya items. In the circumstances, our attention should be focused on the co-operative system, which does not aim at maximising profits in carrying out its activities. The primary co-operative societies operating Islandwide play a major role in the distribution of Janasaviya goods. The production generated through self-employment projects was collected and distributed by the co-operative societies. Apex co-operative societies could be set up in all AGA divisions where the Janasaviya Programme was being implemented, while co-operative villages could be started in all villages coming within a DS Division. Co-operative villages could be started by identifying suitable projects through developing the technical know-how of the villagers based on the resources available at the village level. While production distribution and sale of Janasaviya items could be successfully undertaken by the apex co-operative societies. Through the co-operative system, self-employment could also be developed. For instance, in some Grama Niladhari Wasams in Maho Divisions, it was identified that most of the women were engaged in ‘Rice preparation projects’. The equipment and necessary training were given to those who were interested in this self-employment projects and in addition, a loan of Rs. 5000/- too was granted to start the project. Once prepared, all the rice was collected by the apex co-operative society and sold to the Janasaviya recipients. This project proved that the demand for Janasaviya commodities could be supplied through the Janasaviya recipients themselves. Since the cost of production was low, the price of goods too would be kept moderate. Apex co-operative societies could enlist the Janasaviya recipients of the respective administrative division on contract basis or give sub-contracts to the co-operative villages / collective farms, formed by the recipients for the production of goods.

One of the examples was provided by ‘The co-operative sales centre for Agricultural goods’ in Welipitiya in Polpitiyagama DS Division. This was one of the sales centres, which provides agricultural equipment, fertilizer, pesticides and weedicides at reasonable prices to the farmers.

With regard to banking, four state banks, namely the Bank of Ceylon, the People’s Bank, Regional Rural Development Bank, and the Co-operative Rural Bank have been in operation in the area. Financial assistance was provided by these four state banks and the Janashakthi Bank for the projects implemented by Janasaviya recipients and also for the projects already in progress. The banking system and the Janasaviya programme were highly

connected because this programme had an incentive saving system of Rs. 458/- per month and a compulsory investment saving system of Rs.1042/- p.m. The second stage of the Janasaviya is the compulsory investment saving of Rs. 25,000/- at the end of two years. On maturity, a sum of Rs. 250/- per month will be paid as an interest to each recipient while the fund could be utilized as surety for obtaining a loan from a state bank to start an income generating self-employment project.

The number of people who obtained bank loans out of JS beneficiaries was 28%. The highest number of loans has been provided by the Janashakthi Bank and it was 2400 in number. Similarly, the highest rate of repayment was received by the Janashakthi Bank. The reason for high rate of repayment may be that, with the establishment of self-employment income generating projects, the people have repaid the loans. On the other hand, the influence of the core-group of the Janasaviya beneficiaries could have been effected to repay loans. For example, one Jayarathne, a young farmer from Polpitigama Division, had obtained a bank loan of Rs. 10,000/- for cultivation of ‘Red Onions’ in the ‘Yala’ season in 1993. Since he had reaped a bumper harvest of red onions valued at about Rs.40,000/- he had settled the loan immediately at the end of the ‘Yala’ season.

The Janasaviya programme has insisted on a group saving of Rs. 458/- out of the total consumer grant of Rs. 1458/-. On the one hand, it was a major saving scheme of the Janasaviya recipients and, on the other, it provided big business for the state banks.

Total group savings were deposited in four state banks and the Janashakthi Bank. Through this saving scheme, the habit of savings as well as economic stability have been established among the Janasaviya beneficiaries. Under the same group savings scheme, Polpitigama and Maho DS Divisions had saved more than Rupees 80 million and 50 million respectively in practical savings.

Socio-economic Profile of Janasaviya Recipients in Polpitigama and Maho Divisional Secretary Divisions.

Table 4. Labor Force in 1990

Location	Population	Male	Female	Laborforce	Rate of employment(%)	Rate of unemployment(%)
Polpitigama	66378	34114	32264	25292	56	44
Maho	65360	32183	33177	25767	62	38

Source: Ministry of Policy Planning and Plan Implementation 1990.

Polpitiyagama DS Division consists of 82 Grama Niladhari Wasams having a total population of 66,378. The number of Janasaviya beneficiaries was nearly 9,000 and the Janasaviya Programme was almost nearing completion of its 3rd round at the time of our study. Table 4 shows that of the total population of Polpitiyagama, 34,114 were males and 32,264 females. The employment rate was 56% and the unemployment rate was 44% before the Janasaviya Programme started. The Maho DS Division, the other division subject to our study, consists of 96 Grama Niladhari Wasams having a total population of 65,360. Of this total population, 32,183 were males and 33,177 were females. The employment rate was 62% while the unemployment rate was 38%. The number of Janasaviya beneficiaries was 7,500 and there too the 3rd round of the Janasaviya Programme, was almost nearing completion at the time of our study.

3. Impact of Janasaviya Programme

As we know the Janasaviya Programme has set a goal to improve ‘strength’ of the Janasaviya beneficiaries by awarding the JS basket for 24 months. The first goal was to strengthen the labour force and make sure that they were ready for work. Its concept was to give ‘food first’ and then ‘get them to work’. The Janasaviya basket awarded a high protein nutritional basket of food worth Rs. 1458/- per month. This was the very reason that it did not consider it as a ‘dole’ because beneficiaries received, at least once a week, a basket of food for family consumption in lieu of the contribution of labour on public development work. This was the ‘Saragam’ concept in which a JS recipient had to render his labour at least twenty days a month for any public development activity in the division. It was duty bound to attend these ‘Saragam’ projects where the roads were repaired, tanks were cleaned and rebuilt or any other useful work was done by the group of JS recipients. Through these projects the State could save a lot of state money.

Now let us consider the significant outcomes of the JS basket. Most of the items contained in the basket were locally produced consumable items. For instance, rice is one of the main items in the basket which could be produced in the rural agricultural areas itself and then supplied through the co-operative societies. Other than milk- powder, sugar and kerosene, almost all the other items were produced locally.

With the distribution of the JS basket, the demand for the locally produced items as well as imported items increased remarkably. Generally, imported items were more expensive than the local ones, and low priced local goods could be sold faster. This anticipated demand would augment the price of that particular item, and production would result in an increase. According to the new opportunities prevailing in the market, the demand for extra labour would rise. Since the agricultural food items were labour-intensive, it is assumed that more and more labour will infuse the labour market. This instant change would be remarkable. One of the impacts of the

JS basket was the elasticity of demand for labour and the resultant increase of the ‘employment opportunities’ in the labour market.

In developing countries, the high unemployment rate was an accepted phenomenon. One of the significant objectives of the Janasaviya was to utilize the economically unproductive labour for increasing the production process. The elasticity of demand would influence the reduction of surplus labour, which was economically unproductive for the country, With the absorption of the unproductive labour resources into the production stream, the rate of ‘unemployment’ would naturally decrease at a moderate rate.

Due to the fact that the surplus labor would be utilized, the major problem of ‘unemployment’ could be solved. In the labor market, the eligible age for labor was assumed to be between the ages of 15-59 for the purpose of the study and based on this criteria the ‘employment’ and ‘unemployment’ status in the two DS Divisions was examined

Current Labor Force Status depicts a descriptive analysis of the ‘employment’ and ‘unemployment’ status by age, of the Janasaviya beneficiaries in the two DS Divisions. According to the data the highest rate of ‘employment’ was shown in the age group 30-34 and it was 23% in Maho. Similarly, it shows that age group 35-39 recorded 21% in Polpitigama.

On the other hand the lowest ‘employment’ rate was shown as 3% in age group 55-59 years in Polpitigama and 3% in age group 15-19 years in Maho. Because the ‘employment’ rate was very low in the age group 15-19, and they were consequently looking for employment, the ‘unemployment’ rate was very high. However, in the age group 55-59, ‘employment’ as well as ‘unemployment’ was not considered as a problem. Because at the age group 55-59, Janasaviya recipients had been occupied in various occupations for a long time.

Out of the total labor force the highest record was in the age group 30-34 and it was 19% in Maho. The second highest record in the labor force was 17% and it was in the age group 35-39 in both Divisions. Subsequently, the third highest labor participation of 16% in the labor market was recorded in the age group 25-29 in both Divisions too. It shows that the age groups 25-29, 30-34 and 35-39 play a major role in the labor market, representing 50% of the total supply of labor in the labor force.

The employment status in both areas seems identical, at a glance. However, there were some differences at micro level agewise, sexwise, occupationwise etc. According to the data available, the higher rate of ‘unemployment’ was shown as 34% in Polpitigama and 22% in Maho. As regards unemployment, the most remarkable feature is that the young group in the age range 20-24 years has the highest rate of unemployment. The special feature in this was the age group 20-24 which consists of young school leavers who eagerly expect to join the labor market and consider themselves as ‘actively looking for jobs’. They reported ‘unemployed’ and this portion of the labor market was the most energetic section looking for jobs; while it was also

the unproductive labor in the market at present. Considering the fact that the most valuable factor was ‘human resources’ of the country, it should be converted to the ‘employed’ category through the JS programme. Generally, not only in micro level, but also in macro level the unemployed rate was very high around 20 years of age; The rate of unemployed in Polpitiyagama was 24% and the rate of unemployed in Maho 33%.

The survey also revealed that there was a higher percentage of unemployed in Maho than in Polpitiyagama. In other words, theoretically the supply of labor exceeded the demand for labor. Therefore, there was ‘unemployment’ in the labor market which could be identified as unutilized labor, a ready supply of labor looking for employment; unemployment male : female ratio was approximately 48:100 in Polpitiyagama and 40:100 in Maho. This particular situation denotes that the unutilized female labor was higher than that of the male labor, and Maho was placed first with 47% female unemployed as against the male unemployed figure of 19%. In Polpitiyagama the proportion of female unemployed to male unemployed was 33% to 16%.

The Male and Female Labor participation in the labor market in Polpitiyagama and Maho shows significant positive changes in female labor participation after Janasaviya. Accordingly, the increase in Female labor participation was 152% in Polpitiyagama and 44% in Maho. These findings have proved that social mobilisation activities for women’s development in Janasaviya had reaped better results in Polpitiyagama than in Maho .

Generally, the wage levels for labor in the labor market were comparatively lower in the rural sector than in the urban sector. The survey revealed that the ‘wages for female labor’ in the two divisions were low. This was due to the fact that the ‘female unemployed’ was higher than the ‘male unemployed’. Therefore, female labor supply was higher in the labor market and as a result the wages for female labor remains at a lower level.

Further, the rate of elasticity of demand for labor, was lower than that of the elasticity of supply of labor according to the socio-economic factors. However, the study did not go into details on wages. These factors paved the way for the close connection between rural labor and the comparatively lower wages. Generally, when the wages were low, the cost of production was also low, and as a result, it influenced the constant demand for labor. The lower wages would have a higher negative impact on the labor market. As a result, the cost push demand for labor would remain at a lower rate of increase.

Conclusion

Now let me submit the findings of the comparative study on socio-economic situation before and after the Janasaviya Program (JSP).

An Islandwide survey was conducted (1990) based on every Divisional Secretary’s

Division, the first ever task of compiling information of the resources, the needs and constraints to development before the JSP. The survey has estimated that the unemployed rate in Polpitiigama was 44% and 38% in Maho.

This survey report indicates a general picture of the Labor Force in the two areas and the proportion of the JS recipients in the labor force. Even though the JS recipients were not a majority segment of the Labor Force, they played a major role in the Labor Market in the process of development of the respective divisions. JS recipients represented 35% of the Labor Force in Polpitiigama and 29% in Maho.

Therefore, it may be useful to conduct a comparative study of structural changes in the Labor Force before and after JSP.

The comparative study shows that the rate of employment has increased in the both areas and of that Polpitiigama scores a higher rate than Maho. (35% in Polpitiigama and 8%t in Maho). Therefore, it is evident, that the Janasaviya Program has borne better results in Polpitiigama DS Division than in Maho DS Division in terms of employment. On the other hand, the rate of unemployment has decreased by 45% and 13% in Polpitiigama DS Division and Maho DS Division respectively. This resultant difference of 32% in the reduction of unemployment between Polpitiigama and Maho is a pointer to the fact that the success of Janasaviya Programme in solving the unemployment problem in Polpitiigama DS Division is more marked than in Maho DS Division.

This study found that there was a remarkable positive change in the contribution of the Man hours after JS in comparison with that before JS. Accordingly, 44% households in Polpitiigama contributed weekly man hours (WMH) 20-39 before JS. Similarly, more households in Maho- 58% households contributed WMH between 20-39. On the other hand, a few households contributed a very high number of man hours and they shared 9% of the total WMH in the market. On average, 51% of households shared 48% of the total weekly Man hours in the market participating in weekly Man hours of 20-39.

Subsequently, WMH 40-59 were contributed by 30% and 17% in Polpitiigama and Maho respectively. The labor market participation was 36% of the total WMH. It was found that the highest participation of man hours was in the 20-39 WMH group in both areas. It is clear that Maho Division shows a higher labour participation than Polpitiigama Division. Comparative Study of Contribution of man hours after Janasaviya Program and before Janasaviya Program clearly Shows that 01-19 WMH contribution had dropped from 19% to 2% in Polpitiigama and from 25% to 3% in Maho. From this, we can assume that the low weekly man hour participants have shifted to a higher contribution of WMH after JSP. Similarly, WMH of 20-39 were contributed by 36% and 37% in Polpitiigama and Maho respectively. There was also a decrease in WMH from 44% to 36% in Polpitiigama and from 58% and 37% in Maho. In

accordance with these findings the WMH participation of 39 and less had dropped rapidly after the JSP and they had shifted to higher a strata of WMH.

This can be interpreted as an increase in actual full employment. This was an attainment of one of the major objectives - the utilization of unproductive labor for the production process as envisaged in the JS Bill. Therefore, utilizing of labor for economic activities through more Man hours participation has been found to be satisfactory in this study.

The findings indicated an increase from 30% to 43% in Polpitiyagama and from 17% to 45% in Maho in WMH after JSP. This remarkable increase was an important impact of JSP on Man-hour contribution in the labor market, particularly above 40 in the WMH category, where the full employed category had increased. The total WMH of 40-59 group had increased from 4650 to 8800 and it was a 89% increase in the contribution of man-hours, towards the production process from unproductive labor. Furthermore, WMH of 60-79 participation had increased from 8% to 20% in Polpitiyagama and from 0.5% to 16% in Maho. It was 37% in Polpitiyagama before JSP and it was 18% in Maho. Subsequently, after JSP, WMH has increased from 37% to 62% in Polpitiyagama and it has increased from 18% to 60% in Maho. This was a remarkable positive change in getting the Janasaviya beneficiaries into the productive process. The net increase in participation in economic activities was 26% in Polpitiyagama and it was 43% in Maho. The total WMH has increased from 12,740 to 18,120 in Polpitiyagama and Maho Divisions show an overall increase of 43% in the contribution of Man hours of JS beneficiaries in particular.

The above findings indicate that the Man hour supply in the Maho Division was very low - minimum 7.5 hours and maximum 63.0 hours before JSP, whereas, the minimum was 13.3 hours and the maximum 105 hours after the JSP. Therefore the maximum man hours show an increase of 67% after JSP, when compared with the WMH participation before JSP in that Division.

However, the minimum and the maximum man-hours after JSP were comparatively higher in Polpitiyagama than in Maho. It shows an overall growth in the Man-hour participation in the labor market in the Polpitiyagama Division.

Since it was noted that there was a remarkable increase in the weekly man-hour participation in the labor market after the JSP was launched, it was necessary to look into the pros and cons of the JSP, vis-a-vis the labor market. It became evident in the survey that multiple occupations were done by most of the JS beneficiaries as a result of a structural change. There were incidences of one principal job and one or two other informal jobs done by the family members of the JS recipients. In other words, some of the family members were not confined to one single occupation.

The introduction of more income generating activities by the JSP was one among other reasons for the greater participation of the people in income generating activities. Another reason may have been the self-employment / skilled development training Program provided

by the JSP. Thereby, JS beneficiaries had been encouraged to engage in multiple occupations through the creation of multiple job opportunities by the JS programme. The most significant finding in the multiple occupations was that 48% of the employed in both Divisions were doing at least two occupations: one principal occupation and another informal occupation. On the whole, 51% in both Divisions were engaged in multiple occupations, due to social mobilization projects and income generating projects of the JSP. The impact of this multiple occupations was the maximum utilization of labor for development in the country and the enhancement of the income of JS beneficiaries. It is evident that the participation of the JS beneficiaries in economic activities in the two Divisions have significantly increased.

As discussed earlier, all factors like supply of man hours or engaging in multiple occupations ultimately have an impact on the household income. Meagre income below the poverty line or the absence of any other income necessitated the award of the ‘Janasavipatha’. At the beginning, the eligible income ceiling for is was Rs.700/- and subsequently it was considered as Rs. 1500/- p.m. We know that the JS recipient received Rs. 1458/- as a consumable grant and Rs. 1042/- as a compulsory savings grant.

The study was also concerned with the income from any source other than the JS grant, because our aim was to investigate whether the JS recipient would find a sustainable income after 24 months when JS consumable basket was terminated.

Now let us look at the monthly household income in both Divisions during JSP. Summarising in both divisions, 35% households could earn a total monthly income Rs.2500/- to Rs.3999/- and another 35% could earn a total monthly income of Rs.4000/- to Rs.5499/- during the JSP. It was observed that some household heads had a fair amount of personal savings in state banks. A considerable income resulted from self-employment and multiple occupations in the JS households.

The survey revealed that the highest savings were with the ‘Janashakthi Banks’ in the two divisions during the 24 months in 1992 and 1993. The significant increase in savings has been emerged due to ‘Janasaviya Program’.

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