



**SRI LANKA ECONOMICS RESEARCH CONFERENCE
(SLERC) 2015**

PROCEEDINGS

of

**4th International Conference of Sri Lanka Forum of
University Economists**

Volume IV

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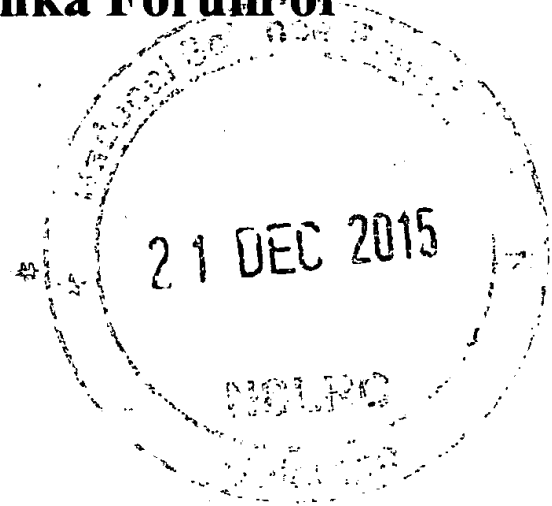
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20th and 21st November 2012

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Sri Lanka Forum of University Economists

National Library of Sri Lanka – Cataloguing-In-Publication Data
Proceedings of the Sri Lanka Economic Research Conference 2015

ISSN 2279-2406

Published by Sri Lanka Forum of University Economists (SLFUE)
Department of Business Economics,
Faculty of Management Studies and Commerce,
University of Sri Jayewardenepura,
Sri Lanka.
Tel: +94 112 802005
Web: www.slfue.com

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Printed by
Nelum Printers
142, Abeyratna Mawatha, Boralesgamuwa, Sri Lanka.
Tel / Fax: 2 519601
E-mail: nelumprinters@sltnet.lk
nelumprinters10@gmail.com

This publication is sponsored by



**National Center for Advanced Studies in
Humanities and Social Sciences**

Colombo 7
Sri Lanka



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MESSAGE FROM THE VICE CHANCELLOR

University of Sri Jayewardenepura

It is with extreme pleasure that I write this message as an economist to the Proceedings Book of 04th International Conference of Sri Lanka Forum of University Economists, Sri Lanka Economic Research Conference 2015 hosted by the University of Sri Jayewardenepura.

Since inception the University of Sri Jayewardenepura has been promoting prompt academic dialogue within its national role as a center for excellence in research and innovation. Faculty of Management Studies and Commerce in particular has been a dynamic and an appealing Faculty in its way to become the center for excellence in management education.

Apart from the regular scientific forum and the annual international conferences that are organized frequently by the Faculty, the tenure to host the Sri Lanka Forum of University Economists have allowed room for our academics grow their network whilst engaging in high quality research work. The carefully picked theme for this year, “Inclusive Growth towards Economic Transformation” is undoubtedly an issue of high interest for me personally. Though it is a national issue which is relatively new to local researchers it has been there within the economic vocabulary of the contemporary world for quite a while. It is high time that academia engages in studying how the less privileged parties could be involved in ongoing economic activities to bring out the expected efficiency levels of the national output. It is very important that nations include all parties in to their economic processes while securing the competitiveness the global market place while competing with economic giants for our share of consumption.

I have learned that the organizing committee has arranged for a multitude of well respected and renowned speakers including representatives of World Bank, International Monetary Fund, Central Bank of Sri Lanka, Chamber of Commerce, Center for Poverty Analysis and Deputy Minister of Foreign Affairs as panelists to participate in the panel discussion followed by the inaugural session of the conference. This provides ample evidence of the quality of the papers presented on the following day during the technical sessions.

The University of Sri Jayewardenepura has always encouraged Research by way of providing adequate grants and other resources to all academics. It is indeed a pleasure to cater and spearhead a University which comprises of academics with diverse and flamboyant research interests.

Concluding my message I wish to extend my best wishes to the Dean of the Faculty of Management Studies & Commerce and the Staff of the Department of Business Economics for their throbbing efforts and plenteous contribution to make this academic event a great success. I heartily commend the Chairperson and the Conference Committee for their dedication and commitment in organizing this event.

I wish the sessions every success.

/s/
Professor Sampath Amaratunge
Vice Chancellor
University of Sri Jayewardenepura

MESSAGE FROM THE DEAN
Faculty of Management Studies and Commerce
University of Sri Jayewardenepura

As the Centre of Excellence in Management Education in Sri Lanka and beyond, the Faculty of Management Studies and Commerce (FMSC) is delighted to host the 4th International Conference of the Sri Lanka Forum of University Economists to further encourage the process of creation and dissemination of knowledge.

The FMSC is the largest and pioneering Management Faculty in the Sri Lankan University System with nearly 6,000 internal undergraduates and 200 academics. Among the academic staff, there are 16 professors and more than 50 PhD holders. There is no other management institution having this kind of concentration of knowledge and expertise in a Sri Lankan educational establishment. We have produced high profile graduates, researchers and professors who have gained recognition around the world in their respective fields and in global organizations.

I am certainly overwhelmed with the role played by the Department of Business Economics of the Faculty of Management Studies and Commerce in the Sri Lanka Forum of University Economists during its tenure to lead and host this conference. Being the apex event in the annual calendar of the Forum, the Sri Lanka Economics Research Conference (SLERC) - 2015 was organized under the theme of "Inclusive Growth towards Economic Transformation". Inclusivity being a concern for decades has not been adequately discussed in academic forums of this nature within the country thus far. Therefore, the SLERC 2015 has provided the timeliest platform to bring about the reality of inclusivity in terms of concept and application through high quality research work.

Being a developing country for many decades, Sri Lanka has not been successful in integrating inclusivity in its production function. This has created social and community unrest that caused undesired circumstances unless otherwise could have been prevented. Furthermore, the true national policy issues have not been sufficiently skimmed to be addressed. Those concerns are rather being used as political dramas where the true interest to solve the real issues are missing out in contemporary policy making. The structural transformation of an economy should be inevitably supported by labour efficiency and overall productivity. Programmes aimed at improving labour productivity especially in agricultural sector should be streamlined. The lethargic performance of local industry contributes unsatisfactorily to overall economic activity. Though the services sector is booming, it is not a balanced growth, as the growth in other sectors is not properly linked to the growth in the services sector. The consumer protection is most neglected due these unbalanced transformational patterns. Accordingly, it should be

seriously taken to consideration that the economic transformation of a country should be balanced and inclusivity is highly endorsed thereof.

Furthermore, it should not be taken lightly that there is a huge discipline of indigenous knowledge in Sri Lanka that explicitly includes nature, culture, sustainability and healthiness in all human socio-economic behaviour. The religions or either its evolutions provide solid basis for human development which is not material rather spiritual.

It is high time for us to seriously consider inclusivity in economic activities in to the policy-making exercises of the country.

It is my pleasure to thank and wish the conference organizing committee for all their efforts throughout this whole year and times to come.

Dr. U Anura Kumara

Dean, Faculty of Management Studies and Commerce

University of Sri Jayewardenepura

MESSAGE FROM THE COORDINATOR
Sri Lanka Economics Research Conference (SLERC) 2015

It gives me a great privilege and pleasure as the Coordinator to write this message for the Conference Proceedings of the 4th International Conference of Sri Lanka Forum of University Economists – SLERC 2015 hosted by the Department of Business Economics, Faculty of Management Studies and Commerce, University of Sri Jayewardenepura.

The SLERC has always been the chosen platform for the Economists in Sri Lanka, in particular, as well as for the experts around the world, to present the very best research results, solutions to contemporary problems and insight to the emergent new challenges. In keeping with this practice, SLERC 2015 is also structured under an apt theme- “Inclusive Growth towards Economic Transformation”. Thus, we believe that the conference has pioneered in its attempt to create a fusion between inclusivity and production in the Sri Lankan economy, a topic with much implication, especially in the present economy, but ignored by the academia and the practitioners of the industry. The conference, therefore, is enriched with insightful and significant research in the area carried out by nationally and internationally renowned researchers, academics and practitioners bringing to fore findings and recommendations that could be imperative for the economic survival of a third world country like Sri Lanka.

The SLERC 2015 would have not been possible without the generous support and dedication made by many individuals. First and foremost, we wish to extend our sincere gratitude to Prof. Sampath Amaratunga, Vice Chancellor of the University of Sri Jayewardenepura for his invaluable support throughout. We gratefully appreciate the continuous encouragement and guidance of Dr. Anura Kumara, Dean, Faculty of Management Studies and Commerce. I also wish to convey our gratitude to Dr. Sumudu Perera Conference Chair and the organizing committee for their hard work to make this event a success. A special word of appreciation goes to the administrative and the non-academic staff of the Department of Business Economics and Faculty of Management Studies and Commerce.

I wish all the presenters and participants a successful, productive, and memorable session at the SLERC 2015.

Mrs. Harini Amarasinghe
Coordinator – SLERC 2015
Lecturer, Department of Business Economics
University of Sri Jayewardenepura

EDITORIAL PREFACE

It is with great pleasure and pride that I write this message to the proceedings book of the 4th International Conference of Sri Lanka Forum of University Economists (SLFUE): Sri Lanka Economic Research Conference 2015. The journey that began in the year 2012 from the University of Colombo has come a long way and the SLFUE membership has grown over time. We, at the Department of Business Economics, Faculty of Management Studies and Commerce, University of Sri Jayewardenepura took up the challenge of organizing the conference in a much broader scope by a panel discussion and a plenary session consisting of eminent government and non-government representatives engaged in the country's development sector. Furthermore the panel discussion has been enlightened with the representation of International Organizations and the viewpoints of their representatives. It is within our common understanding that this research conference would bring together academics from the Economics discipline from the entire University system.

Research in the discipline of Economics has global significance, especially when considering the current challenges which are faced by the developing countries. In this context, the conference theme has been set out as "Inclusive Growth towards Economic Transformation". Inclusive Growth refers both to the pace and pattern of long-term change in dominant economic activity in terms of growth which is interlinked and should be addressed together.

SLFUE conference provides an opportunity for generation, transmission and dissemination of knowledge which is based on latest research. The conference proved this fact through the receipt of 85 extended abstracts for initial reviewing, and the independent double blind review process retained 70 extended abstracts. Subsequent to a further screening and refinement, 36 extended abstracts were selected for the Proceedings book. The reviewing of the extended abstracts was done by a panel of eminent Professors and experts in the field of Economics and I am grateful to all of them who gave their contribution in the review process. Having gone through all the selected extended abstracts, I personally feel that the authors have gone through a rigorous process and have tremendously contributed to the field of Economics. Extended abstracts were received from a wide variety of subject areas, including Agricultural Economics, Industrial Economics, and Transportation Economics etc. It should be highlighted that papers were received from both local as well as International authors.

As the chief editor as well as the conference chair, I feel privileged to witness the fruits of hard work and commitment of our dedicated organizing committee. Although the journey was painstaking I believe that we can all

look back and rejoice on the outcomes and the contribution that this research conference has made to the discipline of Economics.

I have no doubt that this forum and our efforts in the conference, would immensely contribute to enrich the discipline of Economics. On the same note I wish that this good work will be carried forward by other members of SLFUE and I wish that the membership of SLFUE will be strengthened in time to come.

Dr. Sumudu Perera

Chief Editor and Conference Chair

Head, Department of Business Economics

Faculty of Management Studies and Commerce

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**SRI LANKA ECONOMIC RESEARCH
CONFERENCE 2015**

**4th International Conference of Sri Lanka Forum of
University Economists**

Organized by

**Department of Business Economics
Faculty of Management Studies of Commerce
University of Sri Jayewardenepura**

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