

agriculture in developing countries. Several empirical studies suggest that the MPLa is greater than zero ($MPLa > 0$). If this is true, then there will be positive opportunity costs due to a transfer of labour from on-farm/off farm to conservation since such a transfer will tend to reduce the level of on-farm output/or off- farm income.

The study therefore, uses a labor supply framework for identifying factors contributing to participation of households in alley cropping a form of agroforestry within highland rainfed farming. A case study was undertaken in Huruluwewa watershed area in the north Central Province, Sri Lanka. The study provides empirical evidences to confirm the theoreticla framework.

The model indicates that farmers with substantial off-farm employment and income tend to invest in soil conservation than those without. The model identifies three important recommendatins: at micro-level. (a) farmers' objectives should be clearly understood so that agroforestry programmes can be designed with greater acceptance, (a) agroforestry programs should minimize expenditures that farmers would be willing to make on their own and (c) long term credit and banking facilities should be made available for agroforestry programmes.

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Determinants of private saving in Sri Lanka 1970-1998

This paper empirically examines the factors affecting private saving behaviour in Sri Lanka in the period 1970-98. A broad set of determinants of private saving in an economy is available in theoretical literatue. The fiscal position of the government, GDP growth rate, real interest rate, per capita income, change in the terms of trade (TOT), wealth, inflation and age structure (dependency ratio) of the population are most importance factors among then. Although a number of empirical studies have been carried out under this topic, the relationship between private saving ratio and the factors underlined above have not been resolved conclusively. An investigation of private saving/investment behaviour is therefore, important. Table 1 gives the estimated results.

Table 1

Determinants of private saving in Sri Lanka 1970-98

Variables	B	SE B	BETA	T	Sig T
1. Government saving	-1.397	0.297	-0.425	-4.695	.0001
2. Government investment expenditure	-1.631	0.419	-0.324	-3.890	.0008
3. Government current expenditure	-0.483	0.305	-0.149	-1.591	.2335
4. GDP growth	0.639	0.333	0.154	2.107	.0513
5. Percentage change of TOT	0.043	0.037	0.091	1.157	.2643
6. Current account GDP ratio	0.386	0.299	0.209	1.293	.2144

7. Inflation	0.101	0.157	0.095	0.644	.5285
8. Dependency ration	-0.022	0.095	-0.026	-0.237	.8156
9. Real interest rate	0.178	0.172	0.186	1.077	.3153
10. Percapita income	-0.162	0.118	-0.134	-1.363	.1905

Constant	28.4314
Adjusted R Square	0.92569
Significant F	0.0000

The simple regression method used to analyse the factors affecting private saving in Sri Lanka in 1970-98 disclosed that the government fiscal position adversely affected private saving behaviour. A one percent increase of government (dis) saving results in a reduction of private saving by 1.4 percent, while the government investment expenditure causes to reduces private saving by 1.6 percent. The policies directed at the reduction of the budget deficit of the government through management of its expenditure are vital to increase the private saving and in turn to achieve a meaningful economic growth in the country.