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of Industrial Development on the Living Standards of
the Biyagama Investment Promotion Zone” - Annual
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Abstract

The location of industries is an approach to develop the community in terms of economic and social well being. Once a significant amount of new industry becomes established in an area, it tends to create a self propelling process of economic growth. Swedish economist Gunnar Myrdal recognised such process as ‘Cumulative Causation’. Several other authors identify the same process as ‘Regional Development’. The location of a new industry creates linkages with the local community in various ways. Several consequences are expected (such as the location of new industries, service providers, the emergence of a pool of skilled labour and the better local quality of life) that show a spiral relationship through these linkages. The changes of the standard of living of the parents ultimately change the standard of living of their children.

The Biyagama Industrial Processing Zone (BIPZ) was established in 1986 under the Greater Colombo Economic Commission (GCEC) Act of 1978. The main task of the GCEC was to attract and to promote foreign investments under the export oriented strategy. Developing infrastructure and providing employment opportunities to the people living in this particular area were among the other objectives.

The selected study area was the Walgama (West) Grama Niladhari Division. The highest number of GCEC land within the Biyagama Divisional Secretariat division belongs to this GN division. A random sample of 30 households was selected to gather primary data through the questionnaire survey method. The questions were aimed at measuring the different aspects of the standard of life of the parents and the expected standard/quality of life of their children. The standard of living was measured using several indicators such as employment, additional income, physical assets, level and quality of education etc. The findings revealed that most of the parents were involved in the process of economic development in the area either through direct employment in the BIPZ or through indirect income generating opportunities. A majority of the parents still earn an additional income and are not willing to send their children to the BIPZ as employees except for a higher post. These parents spend more money (as a proportion of the income) on their children’s education than on themselves. Since the establishments in IPZs attract mainly the young, female, uneducated and unskilled labour with lower salaries and poor working conditions, the children who obtain a better education do not want to work in such sweatshops. Only the parents who belong to lower or lower middle class are willing to allow their children obtain employment in BIPZ, since they do not have a better option.

The better quality of local life of the parents who are involved in the process of local growth of industrial activities has lead to better standards of living for the second generation. However, some of the elements of the process of Cumulative Causation such as the growth of a local pool of skilled labour would be questioned in this circumstance.