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**THE IMPACT OF GRASSROOTS ORGANIZATIONS ON ECONOMIC
DEVELOPMENT OF RURAL SECTOR IN SRI LANKA:
A CASE STUDY OF UVA PROVINCE**

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ABSTRACT

Sri Lanka has been one of the leading examples among developing countries in the battle against poverty through Grassroots Organizations (GROs) spread all over the country. Human development has been a priority of the Sri Lankan government, and many social indicators are today more in-line with those of a developed country. However, poor economic contribution has been recorded from most of the rural areas in the country. The economic growth within the country's potential, and unequal development among different social structures has put the other provinces ahead of the Uva province of the country. Main objective of the study is to examine the impact of Grassroots Organizations (GROs) on rural economic development and to identify their roles, functions and contributions towards income generation, employment creation, infrastructural development, micro- financing and income distribution, through various organizations in the study area. The focus will be on poverty reduction and micro-financing through programmes. By putting these determinants in a country-specific situation, the regional variations and what impact the determinants have to be based on, such as the income, can be explained. The analysis is completed with Binary Logistic Regression Model and chi square method.

The conclusions that are drawn from this study are highlights that the parameter estimates p values which are 0.0001 interact close connectedly for infrastructure development, income generations, employment creations and micro financing through GROs in the study area. According to the results of the study, Sanasa, Sarvodaya, World Vision, and Plan are the significant GROs for creation of self-employments, Samurdhi, Gamidiriya, Farmer's Organization, Community Water Supply and Rural Development Societies are the leading GROs for infrastructure developments and Samurdhi, Sanasa, Gamidiriya, and Farmer organization are the dominant GROs for income generations in the rural community. In order to reduce poverty in the province, all of them have to be accounted for, but, as the regional variations are so strong, people living in remote areas are the neediest for supportive measures. Improving the infrastructure can help reduce the domination of the Province on poverty indicators and get a more even distribution of income among the communities. The grassroots organizations have a very holistic approach and the best intentions, but the problem is in the targeting process. A strategy against poverty, such as the GROs needed in Sri Lanka, and, the exposure of these defaults, will hopefully change the current rural economy.

Key Words: Employment, GROs, Income, Poverty, Infrastructure, Economic Development