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SRI LANKA:

URBANIZATION

AND

URBAN DEVELOPMENT

PROFESSOR WILLIE MENDIS

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**URBANISATION AND URBAN DEVELOPMENT
IN SRI LANKA**

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FOREWORD

Urbanisation has been widely recognised as one of the more important indicators of development. The social transformation which takes place with industrial growth and technological change will necessarily manifest itself in the movement of population from village to towns and cities, in the emergence of new urban complexes and the expansion of existing ones. When this process is not organised and planned, urbanisation can itself result in social and human problems that become major obstacles to orderly development. A planned process of urbanisation seeks to produce a physical infrastructure which enables the economy to realise its full potential for balanced growth and development. Professor Willie Mendis's papers focus on the importance and urgency of formulating a national strategy for urban development in Sri Lanka. He has assembled the most up to date information on each issue with an economy and relevance which enables the reader to obtain a clear overview of the entire field.

Professor Mendis draws our attention to some of the unique features in Sri Lanka's pattern of urban growth, chief among which is the low rate of urbanisation, which avoid the large unplanned urban-rural migration as has occurred in most other developing countries with grave socio-economic consequences. This low rate however does not coincide with a low rate of economic growth as might have been expected. On the other hand, this trend has been seen in the seventies when the average rate of economic growth has been reasonably high. The trends also point to a dispersal of urbanisation with higher growth among medium-sized towns. This can lead to a more equitable pattern of urbanisation where civic amenities reach out more effectively to the population in the rural periphery.

Professor Mendis's papers select and present other important issues for national planners. His ideas about the urban development axis and the main urban centres in the North, South and Central region, is an imaginative framework of urban development, both for the integration of the economy as well as its social unification. Altogether, this set of papers is an important contribution which should receive the attention of both students of urban problems and national policy-makers.

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29th Sept. 1983.

PREFACE

Research is fundamental to develop the fuller potentials of any entity. In this context, the Urban Sector in Sri Lanka represents a vastly unexplored area for those engaged in urban planning research. It is only in recent times that Urbanisation and Urban Development have begun to attract the attention of those responsible for "economic development" in this Country. It's relevance with the conventional pre-occupations in national development such as economic growth, balance of payments, employment, resources, etc., are now being closely examined. Further, urban planners are also becoming concerned with "intergrated physical and economic planning".

In the above circumstances, a thorough comprehension of the Urban Sector is of paramount importance. An outcome of such analysis will be the possibilities for the determination of its nature, magnitude, and trends. These in turn will facilitate the planning process and thereby enable the fuller development of its potentials. The latter implying that both urban and rural sectors have to make contributions to national progress through mutually beneficial strategies.

In the context of the above background, the Author has written eight Papers and also compiled a Bibliography of recent publications on the Urban Sector. The Papers were prepared at various times in the past two years. They have discussed the Towns of Sri Lanka in a planning perspective. In addition, they have analysed other significant features, processes, phenomena, and challenges of urban development as experienced in recent times.

The original versions of the Papers have been separately published in various Journals. Such exposure has enabled the Author to effect further improvements in them. The current publication of the Papers in the form of a series can thus be regarded as being more useful in the dissemination of knowledge gained through research.

It is nevertheless pertinent to note that these Papers represent only a small fraction of the vast spectrum of knowledge yet to be realised of the Urban Sector in Sri Lanka. Further, they may have inherent limitations which need to be overcome by additional study. Nevertheless such gaps are not inconsistent with the primary purpose of its publication.

It is hoped that the series of Papers, both singly and collectively, will stimulate the publication by others of more work on the subject.

The Author wishes to acknowledge the assistance and encouragement received from many individuals and institutions in the accomplishment of this task. The mention of each of their names is not possible for obvious reasons. However, I wish to especially thank Mr. S. Rubasingam, Librarian, University of Moratuwa, for his kind assistance in compiling the Bibliography. Further, I wish to express my deep appreciation of the co-operation extended by my friend Surath Wickramasinghe for making available the facilities in his office, for the preparation of Maps, Charts and other material of the manuscript.

I am also deeply grateful to the US-AID Mission in Colombo for having consented to publish the series of Papers and the Bibliography.

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"URBANISATION AND URBAN DEVELOPMENT IN SRI LANKA"

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PAPER ONE

URBANISATION IN SRI LANKA

BACKGROUND AND PURPOSE OF PAPER

In recent years, the contribution made to enhance the fund of knowledge about Sri Lanka's urban sector has been increasing quite rapidly. This has been matched by a growing interest by the State to develop the urban economy and to modernise its physical fabric. Yet, Sri Lanka has not witnessed a massive migration of people to the towns and cities, nor the rapid growth of population in the large cities. In this situation, an analysis of the patterns, changes, and trends of the urban population will become useful in constructing an overall comprehension of the urban phenomena in Sri Lanka. Accordingly, the purpose of the Paper is to analyse the urban demographic features upto very recent times, using the opportunity provided by the release of the preliminary findings of the latest Census of Population held in March 1981.

THE DEFINITION OF "URBAN"

In Sri Lanka, "urban" status is conferred on an area by the Minister in charge of Local Government purely for local administrative purposes. However, Ministerial discretion seem to be based on "the nature of the development.....(of the locality).....or its amenities and urban character".¹ In this connection, those area which are defined as "urban" are classified administratively as Municipal, Urban, and Town Councils. In July 1981, the newly established Development Councils came into operation and have included the Town Councils and Village Councils in them.² Hence, since that date, a redefinition of "urban areas" may be required.

Nevertheless, in all Census years, including the 1981 Census, the urban population has comprised all persons living in Municipal, Urban and Town Council areas. Hence, this Paper will utilise the definition used in the Census.

GROWTH AND CHANGES IN TOTAL URBAN POPULATION

Presently, (1981), the total urban population in Sri Lanka is 3.2 million persons. Its growth and changes since 1891 is given in Table 1. (See also Figure 1). The latter shows that the total urban population has increased ten fold in nine decades. The average growth per decade in the period 1891—1981, has been 320,000 persons. The corresponding pattern in the post-independence period, (reckoned after 1946 for convenience of Census years), shows that the total urban population has increased three fold in 3½ decades or has grown at an average of 620,000 persons per decade. Thus, the average increase per decade in the total urban population has doubled in the post independence period vis-a-vis the overall period from 1891 to 1981.

The share of the urban population in the total population of Sri Lanka has always remained below 25% in the period 1891—1981 (*vide* Table 2 and Figure 2). The increase in the share itself has also been marginal and has actually decreased in the last inter-censal period 1971—1981. The latter has occurred despite the massive emphasis given to urban development since 1977.

Another interesting feature in the total urban population is reflected in its average annual growth rate. Thus, the average annual growth rate of 1.2% in the last inter-censal period (1971—1981), is the lowest ever recorded since 1891, (*vide* Table 1), in fact since 1953, the growth rate has

1. "Urbanisation in Ceylon" Dept. of Town & Country Planning (unpublished mimeo).
2. Section 18 of the Development Councils Act No. 35 of 1980.

been decreasing (*vide* Figure 3). Hence, presently the total urban population in Sri Lanka is increasing at a decreasing rate.

The above situation may be attributed to the continuous investment in both Agriculture, and in the undeveloped regions of the country by successive Governments in the past several decades. Further, it can be concluded that such policies have been acceptable to the Sri Lankan people who have preferred to remain in the rural areas and be engaged in primary production. In fact, even historically, the country has been an "agricultural civilisation" and its traditions and cultures still seem to prevail among the new generations.

On the other hand it is also possible that the expanding urban economy has had only limited entry points to the rural labour surplus who have therefore opted to remain unemployed or under-employed in their own villages, rather than squat or live in slums in the cities. Such a situation could well prevail owing to the small size of the country where distances are short and accessibility is relatively good, thereby negating the need for permanent dissociation with one's village.

SPATIAL DISTRIBUTION OF THE URBAN POPULATION

The spatial distribution of the urban population in Sri Lanka show an uneven pattern between the country's two climatic zones and also between its administrative districts. Thus, the wet-zone which roughly correspond to the south-western quadrant of the country and comprising 23% of its total land area, has contained about 3/4ths of the total urban population³ (*vide* Map I and Table 3). Presently, this amounts to 2.4 million persons. Nevertheless, it is significant to note (from Table 3), that the shares of both the urban and total population in this quadrant have been decreasing in the past five decades, with the shares of the total population declining faster than the corresponding decrease in the share of the urban population.

An examination of the distribution of urban population within the south-western quadrant indicates a large concentration in and around the capital city of Colombo. Thus, Table 4 shows the distribution of urban population in the city, its suburbs, and in the Colombo District. It also shows the average annual increase in these same areas. It is evident from Table 4 that the main urban cluster of the country is in the Colombo District with a polarisation on Colombo city.

In terms of climatic zones, as shown in Table 5, the average annual growth rate of urban population in the dry-zone is higher than the corresponding rate in the wet-zone.⁴ This situation may be attributed to the continuous settlement of large numbers of people in several irrigation (colonisation) schemes in the dry-zone.

The distribution of urban population by administrative Districts is given in Table 6. It indicates that Colombo is the only District which has more than half of its total population as urban, while those of Jaffna, Trincomalee and Batticaloa, have between 1/4th and 1/3rd of its total population as urban. The rest of the Districts have smaller shares of urban population. It is also significant to note that the urban population in 1963 in the Colombo District was equal to the entire urban population of Sri Lanka in 1946. Furthermore, Table 6 shows that the share of urban population in the total population of every District has decreased between 1971—1981, with the exceptions of Kandy, Ratnapura, Kegalle and Nuwara-Eliya. However, even in the latter Districts, the increases in the first three of them have been marginal. Hence it indicates that the preference for rural living has not been confined to a few Districts in the country, but to as many as 20 out of 24 Districts.

3. The south-western quadrant also contains about 60% of the country's total population.

4. The wet-zone consists of the 9 administrative Districts of Colombo, Gampaha, Kalutara, Galle, Matara, Kandy, Kegalle, Ratnapura and Nuwara-Eliya. The dry-zone consists of the 15 administrative Districts of Hambantota, Jaffna, Mannar, Vavuniya, Mullaitivu, Trincomalee, Anuradhapura, Polonnaruwa, Matale, Kurunegala, Moneragala, Puttalam, Amparai, Batticaloa and Badulla.

It is also evident from Table 6 that 15 of the 24 Districts had increased their urban populations between 1971—1981, at rates above the national urban growth rate of 1.2% per annum. The balance 9 Districts had lower growth rates with one (Badulla District) even having negative growth. Further, it is noteworthy that of the 15 Districts with higher growth rates, 10 were located in the dry-zone.

CITY SIZE DISTRIBUTION OF THE URBAN POPULATION

The data in the last two Censuses indicate that the numbers of towns with over 50,000 persons in each have been only 8 in 1971 and 10 in 1981 (*vide* Table 7). Of the number in 1981, only 1 was over half million, none were between $\frac{1}{2}$ and $\frac{1}{4}$ million, 5 were over 100,000 and the remaining 4 were between fifty and hundred thousand.

The pattern of distribution of these larger towns in Sri Lanka indicate that in 1981, nine of them were situated in the south-western quadrant of the country; seven of the latter being located in the main urban cluster of the Colombo District.

A broader analysis done by the United Nations—ESCAP Organisation of the structure of distribution of the entire urban population by size of towns has shown that Sri Lanka has continuously had a greater number of towns of small and medium sizes, ranging between 5,000 and 50,000 (*vide* Table 8).

In terms of the population living in District capitals, the magnitudes in each also showed a dominance of sizes between 10,000 and 50,000 (*vide* Table 9). Furthermore, during the last intercensal period there had been an increase in the population of all the District capitals with the exception of Matale and Badulla (*vide* Table 10). In the same period, the largest increase was noted in the city of Colombo which grew by about 23,000 persons. Jaffna and Ratnapura followed with increases of 11,000 and 8,000 persons respectively. It is nevertheless significant to also note from Table 10 that, 14 of the 24 District capitals had average annual growth rates less than the National Urban rate in the period 1971—1981.

Colombo remained as the primate city and in 1981 was about 3.3 times larger than the next biggest town (Dehiwela-Mt. Lavinia).

PATTERNS OF "URBAN COMPLEXES"

It is relevant in the context of this Paper to also examine the locational pattern of the major urban concentrations in Sri Lanka. In this connection, an "urban complex" in Sri Lanka may be defined as that which satisfies the combination of criteria set out as follows:

- a) contain an urban population of around 150,000 persons and over,
- b) contain at least seven urban centres,
- c) have a density of population of at least 300 persons per sq. km.

Using the above criteria, four major urban complexes can be presently identified in Sri Lanka as follows (*vide* Map 2).

1. Colombo—Kalutara Urban complex
2. Jaffna Urban complex
3. Galle Urban complex
4. Kandy Urban complex

It can be noted from Map 2 that three of the four complexes are along the coastal belt and only Kandy is in the interior of the country,

The largest urban complex containing 1.83 million persons is in the Western Province comprising the Districts of Colombo, Gampaha and Kalutara. The smallest urban complex containing about 150,000 persons is in the Kandy District.

CONCLUSIONS

Thus, it can be concluded from the discussion in the preceding sections of this Paper that Sri Lanka's urban population is continuing to grow at a decreasing rate. Further, for the first time in several decades, the rate of growth of urban population has fallen below the national growth rate of total population. In addition, the share of urban population in the total has remained at or around 20%. This low profile is reflected in nearly all Districts with the exception of the main urban cluster in the Colombo District.

In terms of major "urban complexes", presently Sri Lanka has four, with the largest being the Colombo—Kalutara complex.

If urbanisation is indicated by a transfer of people from rural to urban, then Sri Lanka is experiencing a reverse trend. Such a situation is unique when the economy is consisting of an increased share from urban sources, although not a dominating component. It is also unique when higher allocation of resources are being made for urban development.

It can also be concluded from this Paper that the national urban hierarchy shows a predominance of small and medium sized towns. In this connection, Colombo's primacy continues although a more even distribution of urban population is becoming evident.

Thus the pattern of urban changes in Sri Lanka stands out as most significant vis-a-vis any other country. It's phenomena therefore deserve in-depth research.

TABLE I
INCREASE IN URBAN POPULATION, SRI LANKA

Census Year	Urban Population ('000)	Inter-Censal Increase ('000)	Percentage Increase in Urban Population	AVERAGE ANNUAL RATE OF GROWTH (per cent)	
				Urban Pop. Only	National Population
1891	321.4				
1901	414.0	82.6	25.7	2.6	—
1911	543.0	129.0	31.2	3.1	—
1921	637.9	94.9	17.5	1.8	—
1946	1023.0	385.1	60.5	2.4	—
1953	1239.1	216.1	21.0	3.0	3.1
1963	2016.3	777.2	62.4	6.2	3.1
1971	2848.1	825.8	41.0	5.1	2.5
1981	3194.9	346.8	12.2	1.2	1.7

Sources: Statistical Abstract of Ceylon—1977, Census of Population—1971, and Census of Population and Housing—1981, Dept. of Census & Statistics, Colombo,

TABLE 2
SHARE OF URBAN POPULATION IN NATIONAL POPULATION, SRI LANKA

<i>Census Year</i>	<i>Percentage Share of Urban Population in National Population</i>			
1891	10.6
1901	11.6
1911	13.1
1921	14.2
1946	15.4
1953	15.3
1963	19.1
1971	22.4
1981	21.5

Sources: Statistical Abstract of Ceylon--1977, Census of Population--1971, and Census of Population and Housing--1981, Dept. of Census Statistics, Colombo,

TABLE 3
SHARES OF URBAN POPULATION AND TOTAL POPULATION IN SOUTH-WESTERN QUADRANT

<i>Census Year</i>	<i>Share of Urban Population in South-West Quadrant in National Urban Pop. (per cent)</i>		<i>Share of Total Population in South-West Quadrant in National Pop. (per cent)</i>	
1946	..	80.9	..	66.2
1953	..	81.5	..	64.6
1963	..	75.9	..	62.4
1971	..	74.5	..	60.2
1981	..	74.1	..	57.3

Source: Statistical Abstract of Ceylon--1977, Census of Population--1971, and Census of Population--1981, Dept. of Census & Statistics, Colombo,

TABLE 4
CHANGES IN URBAN POPULATION
IN AND AROUND COLOMBO

	<i>Urban Population ('000)</i>				<i>Average Annual Rate of Increase (per cent)</i>		
	1953	1963	1971	1981	1953—63	1963—71	1971—81
Colombo City ..	426.1	511.6	562.4	585.8	2.0	1.2	0.4
Suburbs of Colombo (a)	—	313.1	410.4	469.1	—	3.9	1.4
Colombo District (b) ..	709.4	1023.8	1470.1	1648.1	4.5	5.5	1.2

Sources: Statistical Abstract of Ceylon—1977, Census of Population—1971 and Census of Population—1981, Dept. of Census & Statistics, Colombo.

Notes: a) Suburbs include Wattala-Mabole, Peliyagoda, Kotte, Kolonnawa, Dehiwela-Mt. Lavinia, Battaramulla, Maharagama.

b) Colombo District comprises both Colombo and Gampaha Districts in all Census years.

TABLE 5
GROWTH RATE OF URBAN POPULATION
BY CLIMATIC ZONES

<i>Inter-Censal Period</i>	<i>Average Annual Rate of Growth of Urban Population (per cent)</i>	
	<i>Dry Zone</i>	<i>Wet Zone</i>
1953—1963	11.1	5.2
1963—1971	6.0	4.9
1971—1981	1.5	1.2

Sources: Statistical Abstract of Ceylon—1977, Census of Population—1971, and Census of Population and Housing—1981, Dept. of Census & Statistics, Colombo.

TABLE 6
DISTRICT DISTRIBUTION OF URBAN POPULATION, SRI LANKA

District	Urban Population ('000)			Share of Total District (per cent) Pop.			Average Annual Growth Rate of Urban Population (per cent)
	1963	1971	1981	1963	1971	1981	1971—1981
Colombo	1023.8	1470.1	1262.0	46.5	55.0	74.3	1.2
Gampaha	—	—	386.1	—	—	27.8	1.4
Kalutara	126.4	161.4	177.0	20.0	22.1	21.4	1.1
Kandy	119.2	148.2	147.4	11.4	12.5	13.1	0.6
Matale	29.4	38.2	38.0	11.5	12.1	10.6	0.1
Nuwara-Eliya	24.5	21.8	37.9	6.2	4.8	7.3	2.3
Galle	130.0	157.5	168.1	20.2	21.4	20.6	0.8
Matara	60.5	66.4	71.5	11.8	11.3	11.1	0.8
Hambantota	22.3	33.3	41.4	8.1	9.8	9.8	2.4
Jaffna	150.8	235.6	270.6	24.6	33.5	32.6	1.6
Mannar	9.0	11.2	14.5	15.0	14.3	13.5	3.0
Vavuniya	11.2	20.6	18.5	16.3	21.5	19.3	1.8
Mulaitivu	—	—	7.2	—	—	9.3	4.6
Batticaloa	49.3	70.9	79.6	25.2	27.5	24.0	1.4
Amparai	28.6	32.1	53.6	13.5	11.8	13.8	—
Trincomalee	34.8	74.8	83.3	25.1	38.9	32.4	1.5
Kurunegala	30.1	43.1	43.9	3.5	4.2	3.6	0.4
Puttalam	38.2	52.2	61.8	12.6	13.8	12.5	1.8
Anuradhapura	32.9	38.9	41.7	11.8	10.0	7.1	0.7
Polonnaruwa	5.9	16.1	20.8	9.0	9.8	7.9	2.7
Badulla	42.3	51.7	51.5	8.1	8.4	8.0	0.7
Moneragala	3.4	4.2	6.0	2.5	2.2	2.2	4.5
Ratnapura	26.3	47.8	59.2	4.8	7.2	7.4	1.9
Kegalle	17.5	46.0	53.5	3.0	7.1	7.8	1.6

Sources: Census of Population—1971 and 1981, and Statistical Abstract of Ceylon—1977, Department of Census and Statistics, Colombo.

Note: Two new districts of Gampaha and Mulaitivu were carved out of Colombo and Vavuniya Districts respectively, for the 1981 Census.

TABLE 7
POPULATION OF LARGE TOWNS, SRI LANKA

Town	Population	
	1971	1981
COLOMBO ..	562,160	585,776
DEHIWELA-		
MT. LAVINIA ..	154,785	174,385
MORATUWA ..	96,489	135,610
JAFFNA ..	107,663	118,215
KOTTE ..	92,042	101,563
KANDY ..	93,602	101,281
GALLE ..	72,720	77,183
NEGOMBO ..	57,115	61,376
BATTARAMULLA	(43,057)	56,535
MAHARAGAMA	(40,378)	49,984

Source: Census of Population 1971 & 1981, Department of Census & Statistics, Colombo.

TABLE 8
DISTRIBUTION OF URBAN POPULATION ACCORDING TO SIZE OF TOWNS
SRI LANKA, 1871-1981

Census Year	Size of Town in Terms of Population							
	Below 2,000	2,000 to 4,999	5,000 to 9,999	10,000 to 19,999	20,000 to 49,999	50,000 to 99,999	100,000 and over	All towns
1871								
Number of towns	4	8	2	2	2	1	—	19
Population	5,280	26,789	15,209	35,512	81,743	95,843	—	260,376
Percentage of total urban	2.0	10.3	5.8	13.6	31.4	36.9	—	100.0
1881								
Number of towns	3	8	4	1	3	—	1	20
Population	4,298	30,032	32,398	10,211	93,624	—	110,502	281,065
Percentage of total urban	1.5	10.7	11.5	3.6	33.3	—	39.3	100.0
1891								
Number of towns	—	9	4	3	3	—	1	20
Population	—	30,135	25,916	41,393	97,144	—	126,825	321,413
Percentage of total urban	—	9.4	8.1	12.9	30.2	—	39.5	100.0
1901								
Number of towns	3	10	6	4	4	—	1	28
Population	2,262	35,481	40,120	54,462	127,030	—	154,691	414,046
Percentage of total urban	0.5	8.6	9.7	13.2	30.7	—	37.4	100.0
1911								
Number of towns	6	6	13	6	4	—	1	36
Population	6,703	18,598	84,409	79,101	137,581	—	211,274	537,666
Percentage of total urban	1.2	3.5	15.7	14.8	25.6	—	38.3	100.0
1921								
Number of towns	11	7	11	6	6	—	1	42
Population	15,455	24,313	82,273	76,385	189,282	—	244,163	631,871
Percentage of total urban	2.4	3.8	13.0	12.1	30.0	—	38.6	100.0
1931								
Number of towns	9	5	12	9	6	—	1	42
Population	13,284	16,176	91,754	118,637	213,267	—	284,155	737,273
Percentage of total urban	1.8	2.2	12.4	16.1	28.9	—	38.5	100.0
1946								
Number of towns	3	9	7	13	5	4	1	42
Population	3,601	28,386	55,874	174,598	177,123	221,388	362,074	1,023,044
Percentage of total urban	0.4	2.8	5.5	17.1	17.3	21.6	35.4	100.0
1953								
Number of towns	3	8	4	15	6	6	1	43
Population	4,062	28,338	29,691	213,150	154,727	383,038	426,127	1,239,132
Percentage of total urban	0.3	2.3	2.4	17.2	12.5	30.9	34.4	100.0
1963								
Number of towns	9	21	23	21	18	5	2	99
Population	15,342	74,681	158,280	278,153	487,986	379,265	622,578	2,016,285
Percentage of total urban	0.8	3.7	7.9	13.8	24.2	18.8	30.9	100.0
1971								
Number of towns	6	32	30	34	25	5	3	135
Population	10,819	104,095	215,848	499,561	781,874	411,311	823,798	2,848,116
Percentage of total urban	0.4	3.7	7.6	17.5	27.5	14.4	28.9	100.0
1981								
Number of towns	3	28	28	35	31	3	6	134
Population	5,173	90,518	199,189	511,138	976,957	195,094	1,216,830	3,184,899
Percentage of total urban	0.2	2.8	6.3	18.0	30.5	6.1	38.1	100.0

Sources: Population of Sri Lanka, Country Monograph Series No. 4, UN-ESCAP, Bangkok, Thailand, 1976 and Census of Population and Housing -1981, Dept. of Census and Statistics, Colombo, 1981.

TABLE 9
DISTRIBUTION OF POPULATION IN DISTRICT CAPITALS
BY SIZE, SRI LANKA

Census Year	Size of Capital in Terms of Population					
	Below 10,000	10,000 to 19,009	20,000 to 49,999	50,000 to 99,000	100,000 to 250,000	250,000 and over
1971	4	7	9	2	1	1
1981	3	6	11	1	2	1

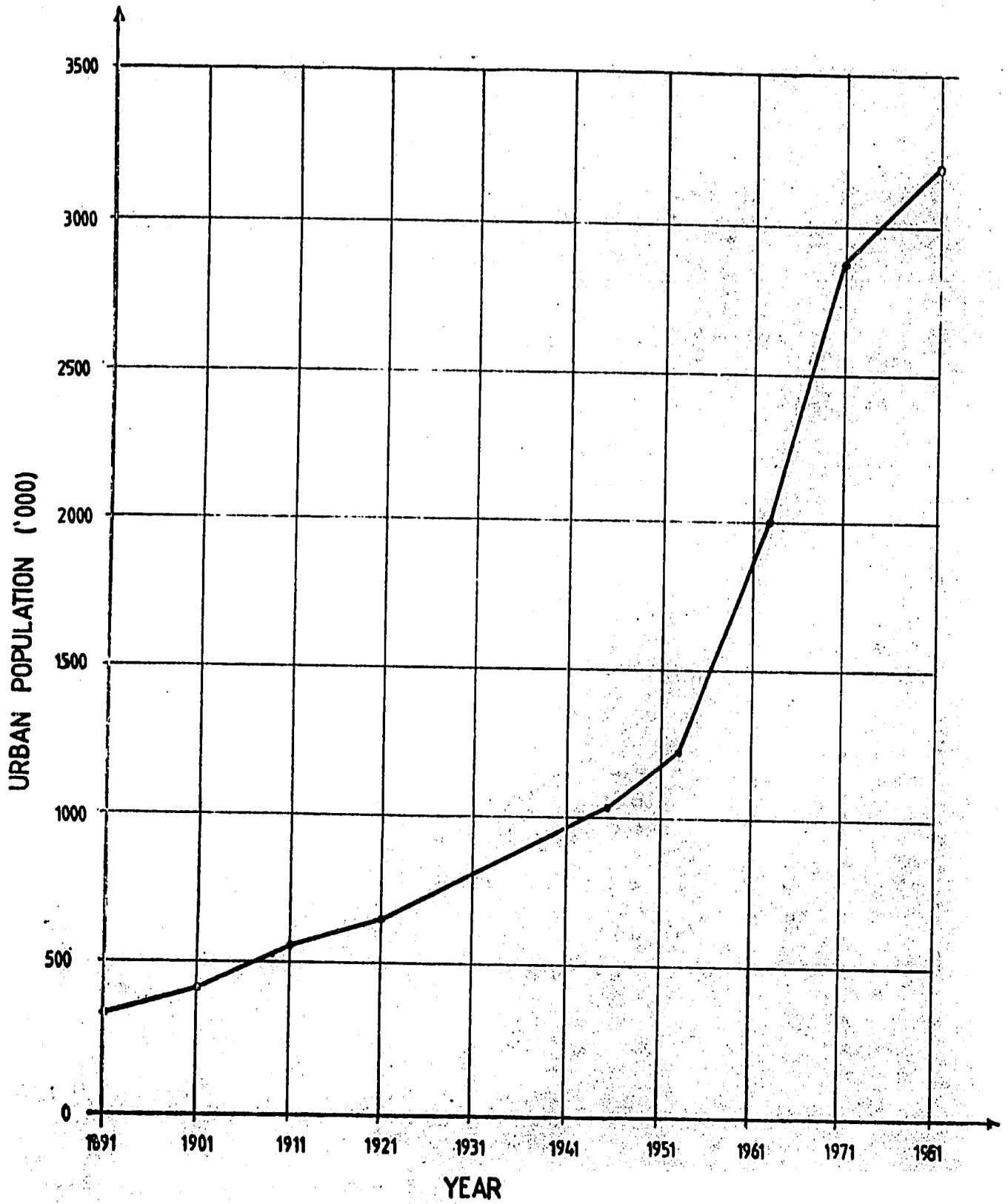
Sources: Census of Population 1971, & 1981, Dept. of Census & Statistics, Colombo.

TABLE 10
INCREASE IN POPULATIONS OF DISTRICT CAPITALS, SRI LANKA

District Capital	Population in Census Years		Inter-Censal Increase		Average Annual Growth Rate (%)
	1971	1981	Number	%	
COLOMBO	562160	585776	23616	4.20	0.42
GAMPAHA	10059	10667	608	6.04	0.60
KALUTARA	28748	31495	2747	9.55	0.96
KANDY	93602	101281	7679	8.20	0.82
GALLE	72720	77183	4463	6.14	0.61
MATARA	36641	39162	2521	6.88	0.69
HAMBANTOTA	8748	9567	819	9.36	0.94
MATALE	30704	29745	-959	-3.12	-0.31
NUWARA-ELIYA	16347	21319	4972	30.42	3.04
BADULLA	34658	32954	-1704	-4.92	-0.49
MONERAGALA	4166	6048	1882	45.18	4.52
KEGALLE	13262	14928	1666	12.56	1.26
RATNAPURA	29116	37354	8240	28.30	2.83
PUTTALAM	17982	21403	3481	19.36	1.94
KURUNEGALA	25189	26519	1330	5.28	0.53
ANURADHAPURA	34836	36248	1412	4.05	0.41
POLONNARUWA	9551	11793	2242	23.47	2.35
VAVUNIYA	15639	18511	2872	18.36	1.84
TRINCOMALEE	41784	44913	3129	7.49	0.75
BATTICALOA	36761	42934	6173	16.79	1.68
JAFFNA	107663	118215	10552	9.80	0.98
MANNAR	11157	14469	3312	29.69	2.97
MULAITIVU	4930	7202	2272	46.09	4.61
AMPARAI	16100	16531	431	2.68	0.27
SRI LANKA (URBAN)	2842077	3194879	352802	12.41	1.24

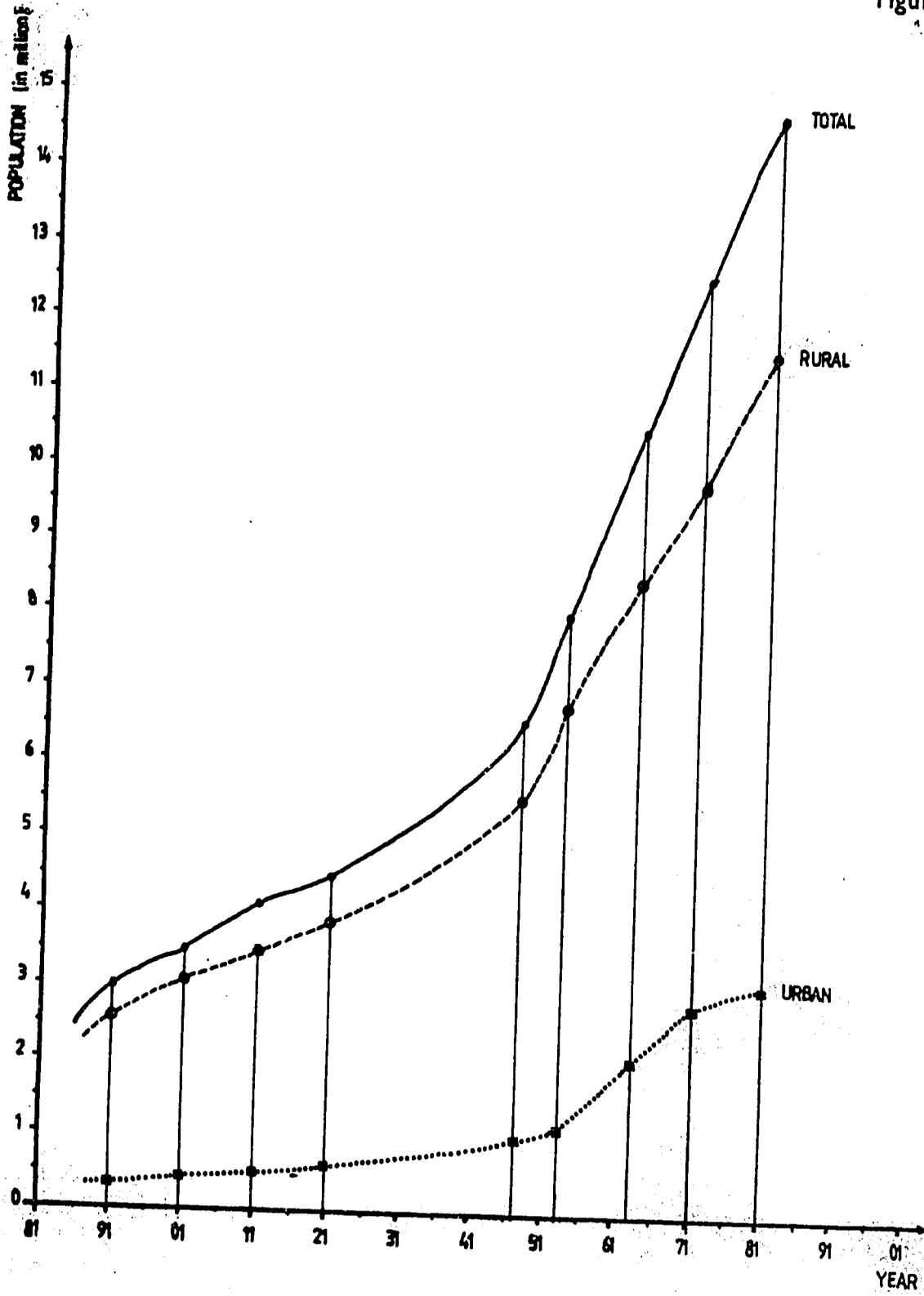
Sources: Census of Population 1971 and 1981, Department of Census and Statistics, Colombo.

Figure 1



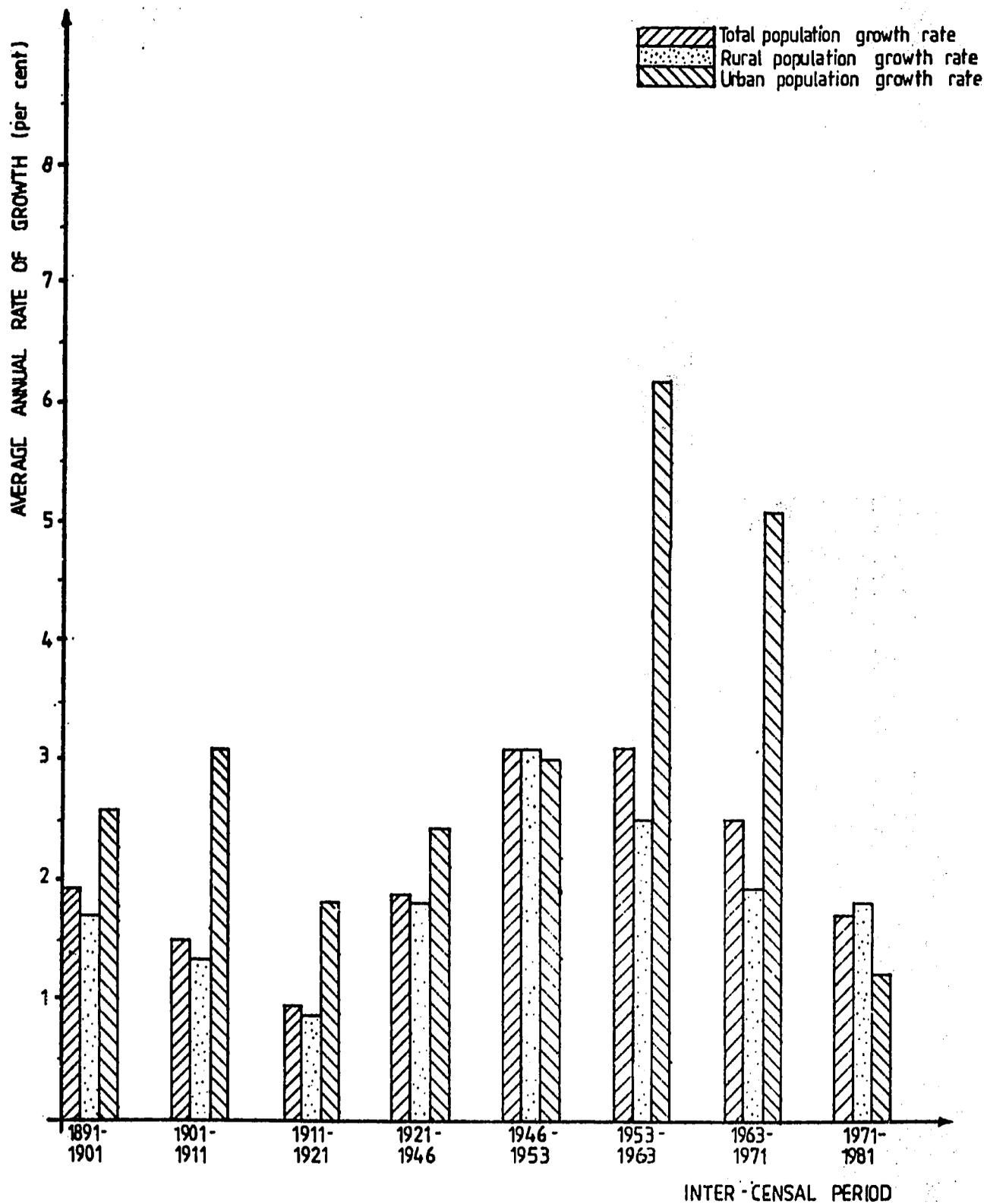
GROWTH OF URBAN POPULATION, SRI LANKA
1891 - 1981

Figure 2



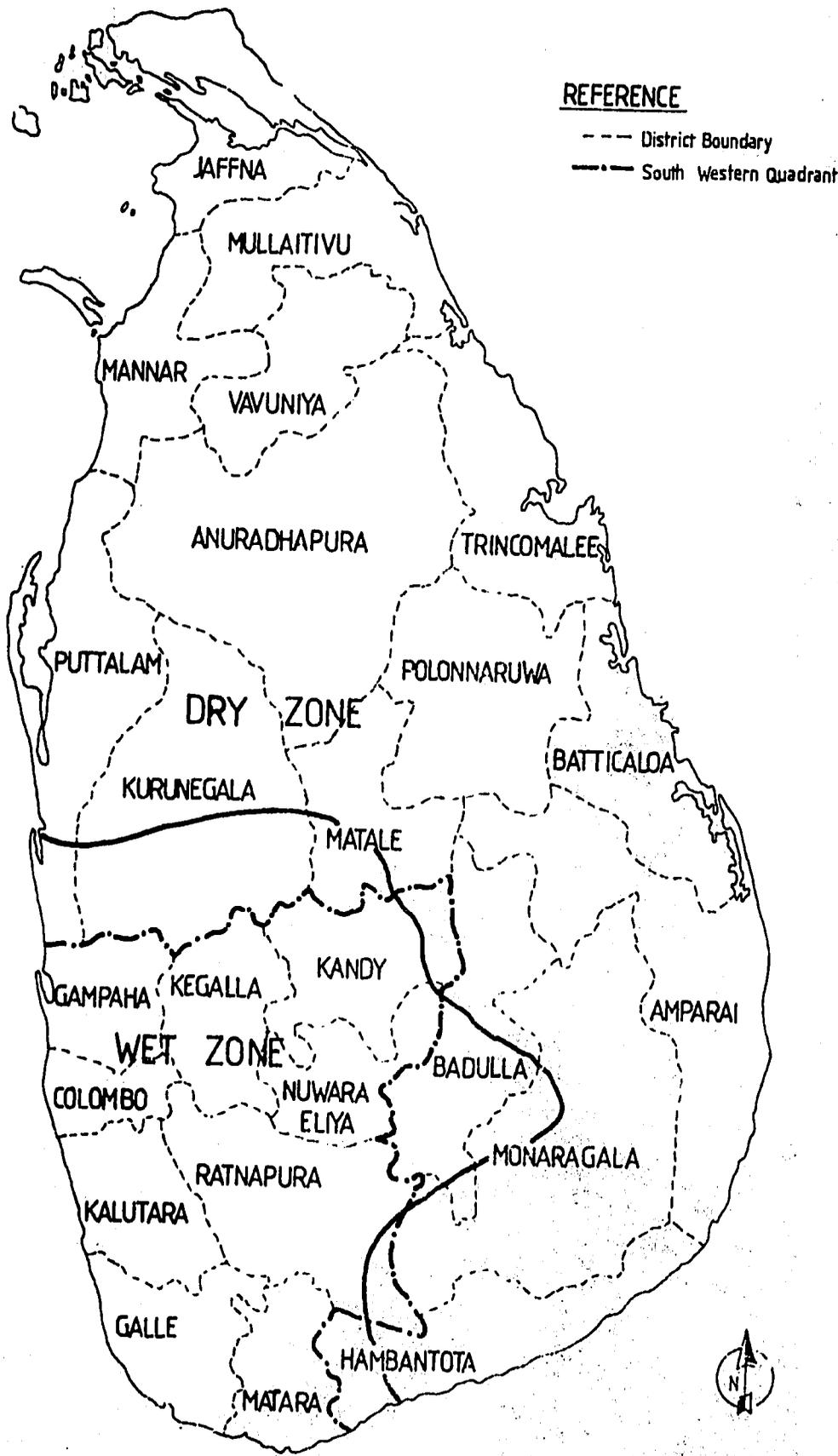
GROWTH OF POPULATION, SRI LANKA

Figure 3

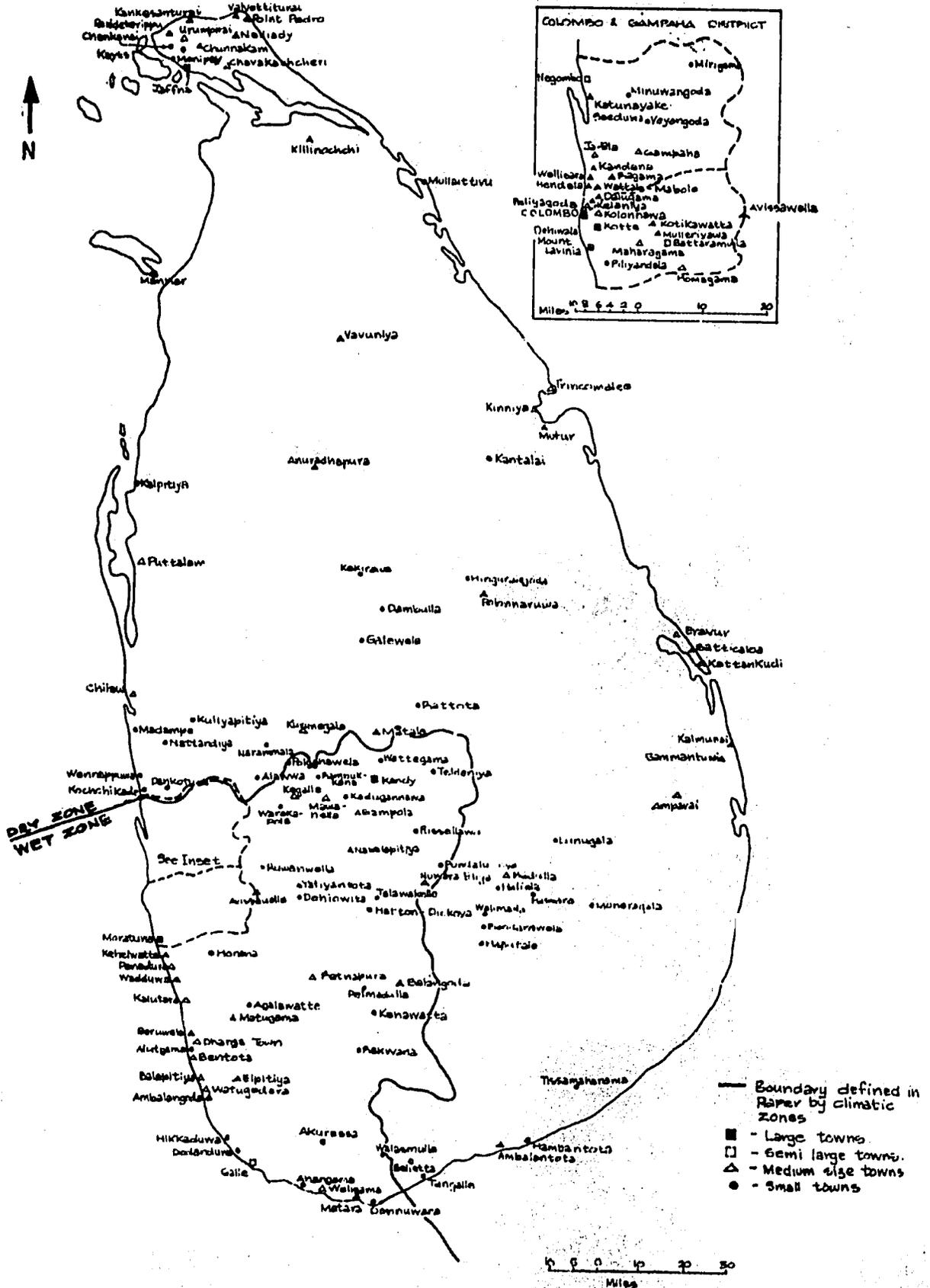


RATES OF GROWTH OF POPULATION IN THE INTER-CENSAL PERIODS, SRI LANKA

SRI LANKA ADMINISTRATIVE DISTRICTS



Distribution of urban settlements in Sri Lanka 1982



INCREASE IN POPULATION, SRI LANKA
1891—1981

<i>Census Year</i>	<i>Total Population ('000)</i>	<i>Rural Population ('000)</i>	<i>..</i>	<i>Urban Population ('000)</i>	<i>%</i>
1891	3007.8	2686.4	89.2	321.4	10.8
1901	3566.0	3151.9	88.4	414.1	11.6
1911	4106.4	3563.4	86.8	543.0	13.2
1921	4497.9	3860.0	85.8	637.9	14.2
1946	6657.3	5634.3	84.8	1023.0	15.2
1953	8097.9	6858.7	84.7	1239.2	15.3
1963	10582.0	8565.8	80.9	2016.2	19.1
1971	12689.9	9841.8	77.6	2848.1	22.4
1981	14850.0	11655.1	78.5	3194.9	21.5

Sources: Statistical Abstract of Sri Lanka—1979 (Tables 9, 26 and 27); and Census of Population and Housing—1981 (Table 2); Department of Census & Statistics, Colombo.

Notes: 1. "Urban" is defined by Local Government Administrative units.
2. Rural Population includes the Estate Population.

RATE OF GROWTH IN POPULATION, SRI LANKA, 1891—1981.

<i>Inter-Censal Period</i>	<i>Average Annual Rate of Growth</i>		
	<i>Total Population</i>	<i>Rural Population</i>	<i>Urban Population</i>
1891—1901	1.9	1.7	2.6
1901—1911	1.5	1.3	3.1
1911—1921	0.9	0.8	1.8
1921—1946	1.9	1.8	2.4
1946—1953	3.1	3.1	3.0
1953—1963	3.1	2.5	6.2
1963—1971	2.5	1.9	5.1
1971—1981	1.7	1.8	1.2

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PAPER TWO

THE LARGE TOWNS IN SRI LANKA

It is now recognised that although increased attention in research has been focussed on the urban sector in the recent past, actual public investment in it had been "somewhat neglected" in Sri Lanka.¹ Hence the inclusion by the present Government of a substantial share of public investment in two urban programmes, (out of its three lead projects), represent a dramatic re-allocation of resources, both sectorally and spatially. In this situation the study of how this shift will influence the process of urbanisation has become most necessary. More particularly, the focussing of attention on city-size classes has become relevant, both to cope with big city problems and also in promoting national spatial integration.

In the above context, the specific study of the large towns will be of much use to planners.

Theoretically, the greater the population, the more likely there are certain advantages in the city which many persons seek to share. A big city could be expected to offer a quality market for just about all the basic elements which any individual believes essential to his happiness. One is also familiar with many development agencies in the urban complexes announcing the availability of "plenty of labour" in order to attract investments. The GCEC is one such agency.² Further it is argued that the "Big Towns" offer greater prospects for improved economic welfare and increased local prosperity. However, while such arguments hold some truth, it is also known that "exploding cities" conform to the law of diminishing returns.

In the above circumstances, research is needed to comprehend the situation of the "Big Towns" in Sri Lanka. It will reveal how many of our towns have reached the big league and also what their characteristics are. Hence, this Paper will attempt to contribute to such knowledge.

It will also examine the planning issues related to the utilisation of the Big Towns in strategies for national development.

CITY SIZE CLASSIFICATION AND DISTRIBUTION OF TOWNS IN SRI LANKA

Using the definition of urban as used in the national census, recent data indicate that Sri Lanka has had 43 towns in 1953 ; 99 in 1963 ; 135 in 1971 ; and 134 in 1981. In each of those census years a large proportion of the towns were located in the south-western quadrant of the country, which corresponds to its wet-zone. Thus in 1981, seventy-eight towns were located in the ten districts of the wet-zone, and fifty-six towns in the fourteen districts of the dry-zone. (*vide* Map 1).

The polarisation of towns in the wet-zone has been more accentuated in the districts of Colombo, Kalutara and Gampaha, which had 38 towns in 1981. (*Vide* Map 2 for Districts in Sri Lanka).

In terms of city-size classification, the situation in the post-independence period is shown in Table 1. It indicates that more than half the share of the urban population live in small and medium cities of various ranges below 50,000 persons. In 1981, the number of towns at or above 50,000 size

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- (1) Population Re-distribution Policies and Measures in Sri Lanka, Dr. W. Weerasooriya, Secretary, Ministry of Plan Implementation, 1980, p. 9.
 - (2) "Sri Lanka's Investment Promotion Zones", GCEC, 1980, p. 15.

population were ten as follows :

<i>Town</i>	<i>Population</i>
Colombo City	385,776
Dehiwela-Mt. Lavinia	174,385
Moratuwa	135,610
Jaffna	118,215
Kotte	101,563
Kandy	101,281
Galle	77,183
Negombo	61,376
Battaramulla	56,535
Maharagama	49,984

On the proposition that the divide in city-size classification between towns in the big league and other towns, is 100,000 population, then the number of "Big Towns" in Sri Lanka is only six. These being, Colombo, Dehiwela-Mt. Lavinia, Moratuwa, Kotte, Jaffna, and Kandy (*Vide* Map 2). Of them, the first four are situated contiguously in the urban region of Colombo. Further it is also noted that five are situated in the Wet Zone and only Jaffna is in the Dry Zone. In addition, four are coastal towns and two are inland towns.

By status among the Big Towns, Colombo enjoys primacy and was until very recently the "capital city" of Sri Lanka.³ It is 3.3 times larger than the next biggest town of Dehiwela-Mt. Lavinia (*Vide* Figure 1.) Further it is now the Commercial Centre of the country. Kotte is the new capital city and also the Administrative centre of the country. Kandy was the capital of the last Sinhalese Kingdom of Sri Lanka. Further, four of the big towns are Municipalities and only Moratuwa and Kotte are Urban Councils.

RATE OF ENTRY INTO THE BIG LEAGUE

Census data indicate that Colombo city has always belonged to the big league. In fact it had a population of 110,502 even in 1881.

The entry of the next town into the big league was in 1963, when Dehiwela-Mt. Lavinia reached the size of 110,934. Thus, it had taken over eight decades after Colombo, for this occurrence.

The third town to enter the big league was Jaffna, when in 1971 it reached a population of 107,184. It's entry occurred nine decades after Colombo and eight years after Dehiwela-Mt. Lavinia.

The fourth, fifth and sixth towns made their entry only in 1981 when the populations of Moratuwa, Kotte and Kandy exceeded 100,000 in each. These occurred 100 years after Colombo, two decades after Dehiwela-Mt. Lavinia and a decade after Jaffna. In this connection, it is also worth noting that the actual population of Moratuwa exceeded that of Jaffna, in 1981.

The rates of entry of the six towns into the big league shows an acceleration after 1971. (*Vide* Table 2). However, the study of the other towns between 50,000 and 100,000 populations indicate that other than by planned urban growth it is most unlikely that any more will join the big league until the turn of the century. Furthermore, even considering a consciously planned re-distribution of population as per a well conceived national urban growth strategy, it is unlikely that more than two other towns, (possibly, Galle and Trincomalee), will enter the big league before the Year 2,000.

Accordingly, the national urban hierarchy in Sri Lanka will contain a dispersed network of small and medium sized towns which will accommodate a larger share of the future increases in urban population. This proposition is based on the belief that the Mahaweli and other agro-based develop.

(3) Government announcement as reported in the "SUN" of 15th January, 1982.

ment programmes will enable the rural masses to upgrade their quality of life in their own environment rather than through mass migration to the big urban areas.

On the other hand, a failure of the agro-based schemes through, natural disasters, wars, extremely high energy costs, or massive inflation, may cause the entry of more towns into the big league.

CHARACTERISTICS OF THE BIG SIX TOWNS

The pattern of growth of the Big Six towns in the last intercensal period indicate that the average annual rate of growth of each one except that of Moratuwa and Dehiwela-Mt. Lavinia, has been lower than the corresponding rate for the national urban population.⁴ Moratuwa has had a dramatic rate of growth of 4.1% per annum which was nearly 3.5 times the rate for the national urban population. The exceptional situation in Moratuwa could be attributable to the establishment of a major housing estate (at De Soysa Pura), new industrial factories, training institutions, and government offices.

In terms of population increases in absolute numbers, Moratuwa has added the most in the last inter-censal period with Colombo having the next largest addition.

However, in each of the Big Six towns except that of Moratuwa, the population is increasing at a decreasing rate. (*Vide* Table 3). The actual drop in the growth rates have been dramatic in all those towns.

Presently (1981), the Big Six Towns accommodate, 1.22 million persons or 37.5% of the total urban population or 8% of the national population. Of this, nearly half or 600,000 persons were added in the post-independence period 1946—1981. (*Vide* Table 4). The latter represents 27% of the increase in the total urban population and 7% of the increase in national population. The average rate of absorption into the Big Six Towns has thus been about 17,000 persons per annum, in the post-independence period. However, with the increase in population at a decreasing rate, the Big Six towns are unlikely to have similar rates of absorption in the next two decades. It is more likely that the future rate of absorption may be about 10,000 persons per annum. Accordingly, the probable size of population in the Big Towns at the end of this century will be about 1.5 million or just under 1/3rd the forecast total urban population of approximately 5.0 million at that time.

The slow rate of growth of population in five of the Big Six Towns suggests that levels of saturation conditioned by existing situations have been reached in each of them. On the other hand the prevailing (1981) population densities in them are not indicative of this situation. Thus Colombo, Dehiwela-Mt. Lavinia, Mora uwa, Jaffna, Kotte and Kandy, have gross population densities of 64, 34, 42, 24, 26 and 16 persons per acre, respectively. In this situation, the study of the land-use patterns of the Big Six Towns is necessary to ascertain other underlying reasons for the slow rate of growth.

Thus, recently classified land-use patterns in each of the Big Six Towns show that more than 75% of the land comprise residential, marshes, parks and other reservations, and roads. (*Vide* Table 5). Hence, the capacity to absorb increases in population becomes limited. In such a context, the absorption of future populations will result in sub-divisions, high prices of land, and higher occupancy rates in dwellings (through rentals of parts of dwellings).

THE BIG TOWNS AND NATIONAL SPATIAL STRATEGIES

City sizes have played a key role in fashioning national spatial strategies in many countries of the world. Thus, there have been conscious efforts to contain cities within "preferred sizes" or "optimal sizes". Further, excessive polarisation in cities have been overcome by dispersion policies. In addition, "growth centers" have been developed as part of a national urban growth strategy. Hence,

(4) The annual average growth rate for the national urban population in the last inter-censal period (1971—1981) was 1.2%

all of these actions have evolved out of a consideration of city sizes to develop the national space economy.

In this connection the observation of what is happening in the Big Six Towns in Sri Lanka show that they do not have excessive growth. The polarisation effect has also not been very great due to the various processes which have been triggered off by several policies of successive Governments. However, the core region of Colombo which contain four of the Big Six Towns, has acted in concert to pull a large population and thereby serve as a single platform of urban concentration. Such a monolithic urban settlement, while having advantages, may also have diminishing returns.

In respect of the Big Towns outside Colombo, it is significant to note that there also exist no excessive effects of Polarisation on Jaffna and Kandy. However, it will be relevant to conduct further studies to determine whether suburban expansion has begun around them.

In this situation, the Big Six Towns in Sri Lanka seem to exist with no known effort being made to consciously link them with the network of small and medium size towns, in the context of a national spatial strategy. If the latter existed, then the Big Six Towns could stimulate the commercialisation and marketing of agricultural output ; the provision of high-order services to residents of the peripheral region ; the promotion of national spatial integration and decentralisation of job opportunities ; and the more equitable distribution of economic welfare among urban areas and among regions.

For such purpose, the Big Six Towns need to be spatially integrated with the existing network of small and medium sized towns in the country. In this connection, the towns now being developed in the Accelerated Mahaweli Programme become very significant as the dry-zone presently lacks adequate numbers of the different city sizes for effective integration. The eastern sector of the dry-zone could then actively promote the growth of one Big Town as none presently exist. The obvious choice would be Trincomalee with a current population of 45,000 persons. In a similar manner, another Big Town in Southern Sri Lanka will also be desirable. This choice could vest with Galle with a current population of 77,000 persons.

Thus, an appropriate national urban growth strategy that would complete a broader national spatial strategy, will comprise the conscious development of the four Big Towns in the ore-region of Colombo, and also Jaffna, Kandy, Galle and Trincomalee. These in turn could be spatially integrated with the other sizes of towns in their respective regions.

The adoption of the above strategy will result in a massive demand for the allocation of resources for urban development. Already, a great commitment has been made and needs to be continued in the Colombo urban region.⁵ Such actions may cause intolerable strains on domestically available resources. However, it could also provide the complementarity required to broad-base the national economy so that urban-rural potentials could be fully exploited. In such a context, reliance on external sources may initially become necessary. The latter will be justified and viable due to the several advantages of spatial integration policies mentioned earlier.

CONCLUSIONS AND RECOMMENDATIONS

The conclusions arrived at from the discussion in this Paper comprise the following :

Using a norm of 100,000 persons (or more) as being adequate for classifying a Sri Lankan town as a "Big Town", presently the country has six such Big Towns with a combined population of about one a quarter million persons.

(5) A study done by Gunadasa (1981) indicated the estimated costs of major "approved" building projects by the private sector in the Central Area of Colombo and in the immediate urban region is Rs. 6,210 million. This excludes the Free Trade Zone, and public sector investments.

Past trends indicate that no additional Big Towns are likely during this century, unless extra-ordinary circumstances compel massive urbanward migration. On the other hand, the active promotion of an appropriate National Urban Growth Strategy may be desirable and could result in the addition of two more Big Towns by the year 2,000. (These possibly being Galle and Trincomalee).

There is no excessive growth in the Big Towns and consequently the polarisation of very large populations in them have not occurred.

There is no known spatial strategy to integrate the Big Six Towns with towns of other sizes, so as to achieve several known advantages.

The recommendations arising from this Paper comprise the following :

Promotional urban development is facilitated by agglomeration economies and hence the establishment of a National Urban Growth Strategy is recommended.

In the above connection, it is proposed that the Big Towns be incorporated in such strategy with the active promotion of Galle and Trincomalee for entry into the big league.

The adoption of a Colombo—Trincomalee development axis combined with multi-polar urban growth focussing on Galle, Jaffna and Kandy is recommended as a framework of the National Urban Growth strategy.

It is further recommended that development plans for defined macro-regions of the Big Towns be formulated so as to realise the full potential of such regional areas and also to relate same to the national development plan.

It is also recommended that resources necessary for development in the Big Towns be raised as far as possible through domestic sources, and supplemented with external resources where viable.

TABLE I
DISTRIBUTION OF URBAN POPULATION ACCORDING TO SIZE OF TOWNS, SRI LANKA, 1946—1981

			<i>Below 2000</i>	<i>2000 to 4999</i>	<i>5000 to 9999</i>	<i>10,000 to 19,999</i>	<i>20,000 to 49,999</i>	<i>50,000 to 99,999</i>	<i>100,000 and over</i>	<i>All towns</i>
	Number of towns	.. ..	3	9	7	13	5	4	1	42
1946	Population	.. ..	3,601	28,386	55,874	174,598	177,123	221,388	362,074	1,023,044
	Percentage of total urban	.. ..	0.4	2.8	5.5	17.1	17.3	21.6	35.4	100.0
	Number of towns	.. ..	3	8	4	15	6	6	1	43
1953	Population	.. ..	4,062	28,338	29,691	213,150	154,727	383,038	426,127	1,239,133
	Percentage of total urban	.. ..	0.3	2.3	2.4	17.2	12.5	30.9	34.4	100.0
	Number of towns	.. ..	9	21	23	21	18	5	2	99
1963	Population	.. ..	15,342	74,681	158,280	278,153	487,986	379,265	622,578	2,016,285
	Percentage of total urban	.. ..	0.8	3.7	7.9	13.8	24.2	18.8	30.9	100.0
	Number of towns	.. ..	6	32	30	34	25	5	3	135
1971	Population	.. ..	10,819	104,095	215,848	499,561	781,874	411,311	823,798	2,848,116
	Percentage of total urban	.. ..	0.4	3.7	7.6	17.5	27.5	14.4	28.9	100.0
	Number of towns	.. ..	3	28	28	35	31	3	6	134
1981	Population	.. ..	5,173	90,518	199,189	511,138	976,957	195,094	1,216,830	3,194,899
	Percentage of total urban	.. ..	0.2	2.8	6.3	16.0	30.5	6.1	38.1	100.0

Sources : Population of Sri Lanka, Country Monograph Series No. 4, UN-ESCAP, Bangkok, Thailand, 1976, and Census of Population and Housing—1981, Department of Census and Statistics, Colombo, 1981.

TABLE 2

RATE OF ENTRY INTO BIG TOWN STATUS

Name of Big Town	Population at Census Years				
	1946	1953	1963	1971	1981
COLOMBO CITY	362,074	426,127	511,644	562,420	585,776
DEHIWELA-MT. LAVINIA ..	×	×	110,934	154,194	174,385
MORATUWA	×	×	×	×	135,610
JAFFNA	×	×	×	107,184	118,215
KOTTE	×	×	×	×	101,563
KANDY	×	×	×	×	101,281

Note: ×.....denotes population below 100,000 persons.

TABLE 3
POPULATION GROWTH IN THE BIG SIX TOWNS OF SRI LANKA

Name of Town	Census Year	Population	Inter-Censal Increase			Remarks
			Total	Percentage	Average Growth Rate %	
COLOMBO	1946	362074				Population increasing at a decreasing rate.
	1953	426127	64053	17.69	2.5	
	1963	511644	85517	20.0	2.0	
	1971	562420	50776	9.9	1.2	
	1981	585776	23356	4.1	0.4	
DEHIWELA MT. LAVINIA	1946	56881				Population increasing at a decreasing rate.
	1953	78213	21332	37.5	5.3	
	1963	110934	32721	41.8	4.2	
	1971	154194	43260	38.9	4.8	
	1981	174385	20191	13.0	1.3	
MORATUWA	1946	50698				Population increasing at an increasing rate
	1953	60215	9517	18.7	2.7	
	1963	77833	17618	29.0	2.9	
	1971	96267	18434	23.7	3.0	
	1981	135610	39343	40.8	4.1	
JAFFNA	1946	62543				Population increasing at a decreasing rate.
	1953	77811	15268	24.4	3.5	
	1963	94670	16859	21.6	2.2	
	1971	107184	12514	13.0	1.6	
	1981	118215	11031	10.0	1.0	
KOTTE	1946	40218				Population increasing at a decreasing rate.
	1953	54318	14163	35.0	5.0	
	1963	73324	18943	34.8	3.5	
	1971	93680	20356	27.7	3.5	
	1981	101563	7883	8.4	0.8	
KANDY	1946	51266				Population increasing at a decreasing rate.
	1953	57200	5934	11.6	1.7	
	1963	68202	11002	19.0	1.9	
	1971	93303	25101	36.8	4.6	
	1981	101281	7978	8.5	0.9	

TABLE 4
INTER-CENSAL INCREASES IN POPULATION IN THE "BIG SIX"
TOWNS IN SRI LANKA

Name of Town	Inter-Censal Increase in Population				Total Increase	
	1946-53	1953-63	1963-71	1971-81	1953-71	1946-81
COLOMBO ..	64053	85517	50776	23356	136293	223702
DEHIWELA-MT. LAVINIA ..	21332	32721	43260	20191	75981	117504
MORATUWA ..	9517	17618	18434	39343	36052	84912
JAFFNA ..	15268	16859	12514	11031	29373	55672
KOTTE ..	14163	18943	20356	7883	39299	61345
KANDY ..	5934	11002	25101	8260	36103	50297
Total "Big Six" Towns ..	130267	182660	170441	110064	353101	594432
Share of Inter-Censal Increase in Big Towns as Share of Increase in Total Population (%) ..	9.0%	7.0%	8.0%	5.1%	7.8%	7.0%
Share of Inter-Censal Increase in Big Towns as Share of Increase in Urban Population (%) ..	60.3%	23.5%	20%	31.7%	22%	27%

TABLE 5
PERCENTAGE OF TOTAL LAND IN SELECTED
LAND-USE CATEGORIES IN THE BIG TOWNS IN SRI LANKA

Name of Big Town	Residential (%)	Parks, Water Bodies, Cemeteries and Other Reservations (%)	Marshes (%)	Roads (%)	Total (%)
COLOMBO (a) ..	52.0	6.0	10.0	5.0	73.0
DEHIWELA/MT. LAVINIA (b) ..	62.4	4.6	9.6	3.9	80.5
MORATUWA (b) ..	62.9	5.1	1.0	7.0	76.0
JAFFNA (b) ..	68.6	5.3	Nil	8.5	82.4
KOTTE (a) ..	56.7	2.2	26.6	6.7	92.2
KANDY (a) ..	34.8	38.6	Nil	10.5(c)	83.9

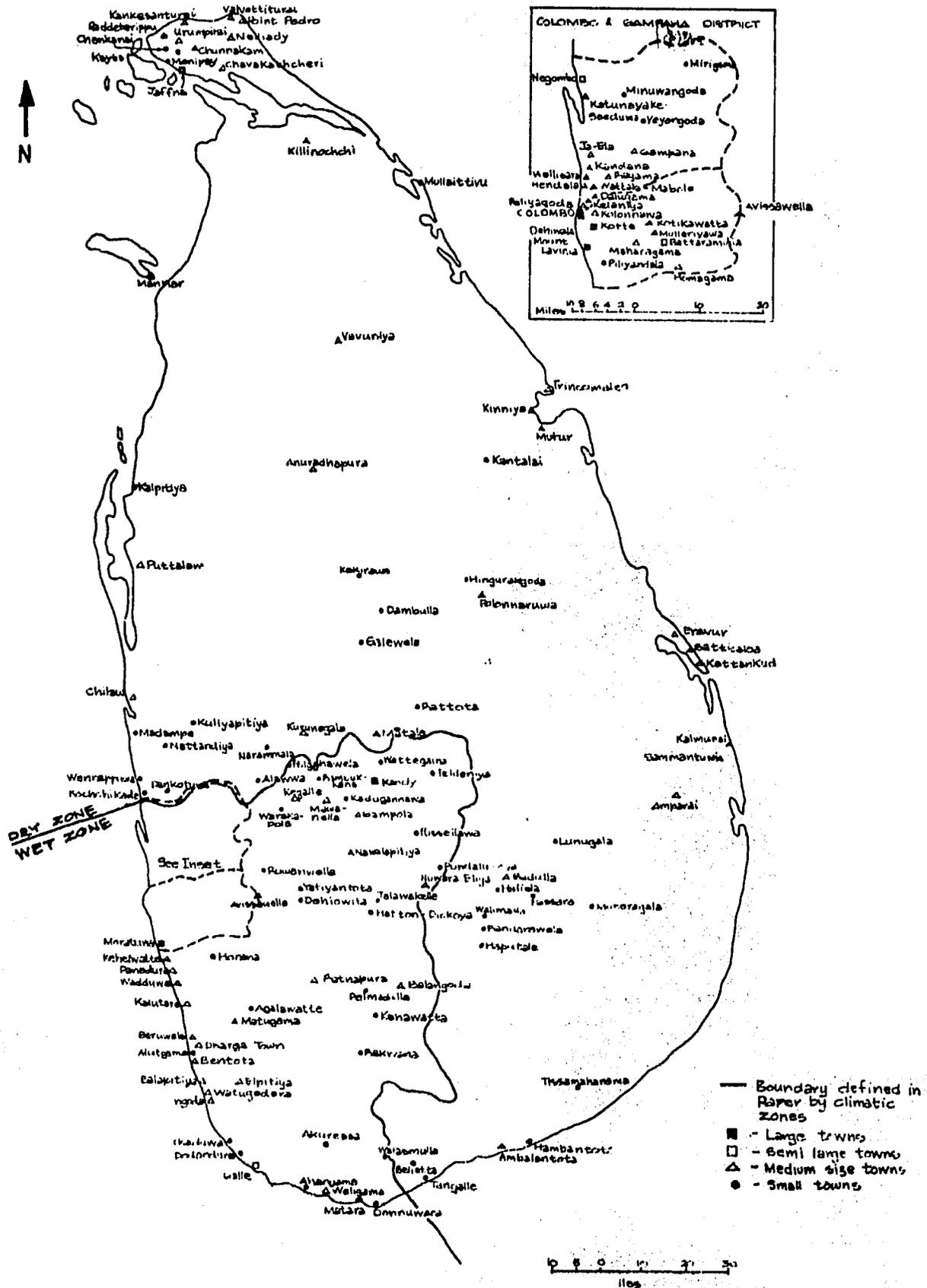
Sources : Surveys carried out by the Dept. of Town and Country Planning, University of Moratuwa, and by the Urban Development Authority.

Notes : (a) Surveys carried out in 1979.

(b) Surveys carried out in 1981.

(c) Includes area of water bodies.

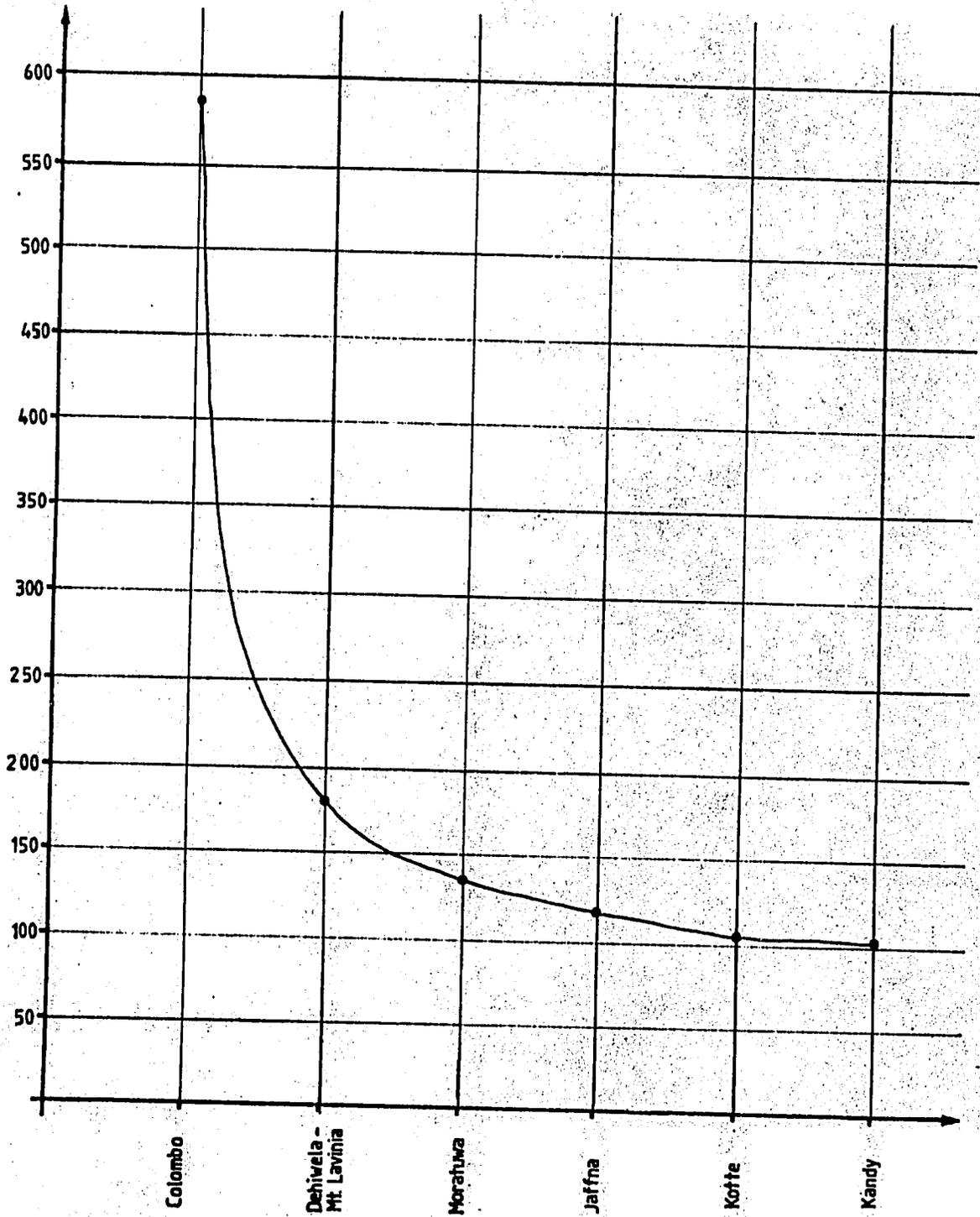
Distribution of urban settlements in Sri Lanka 1982



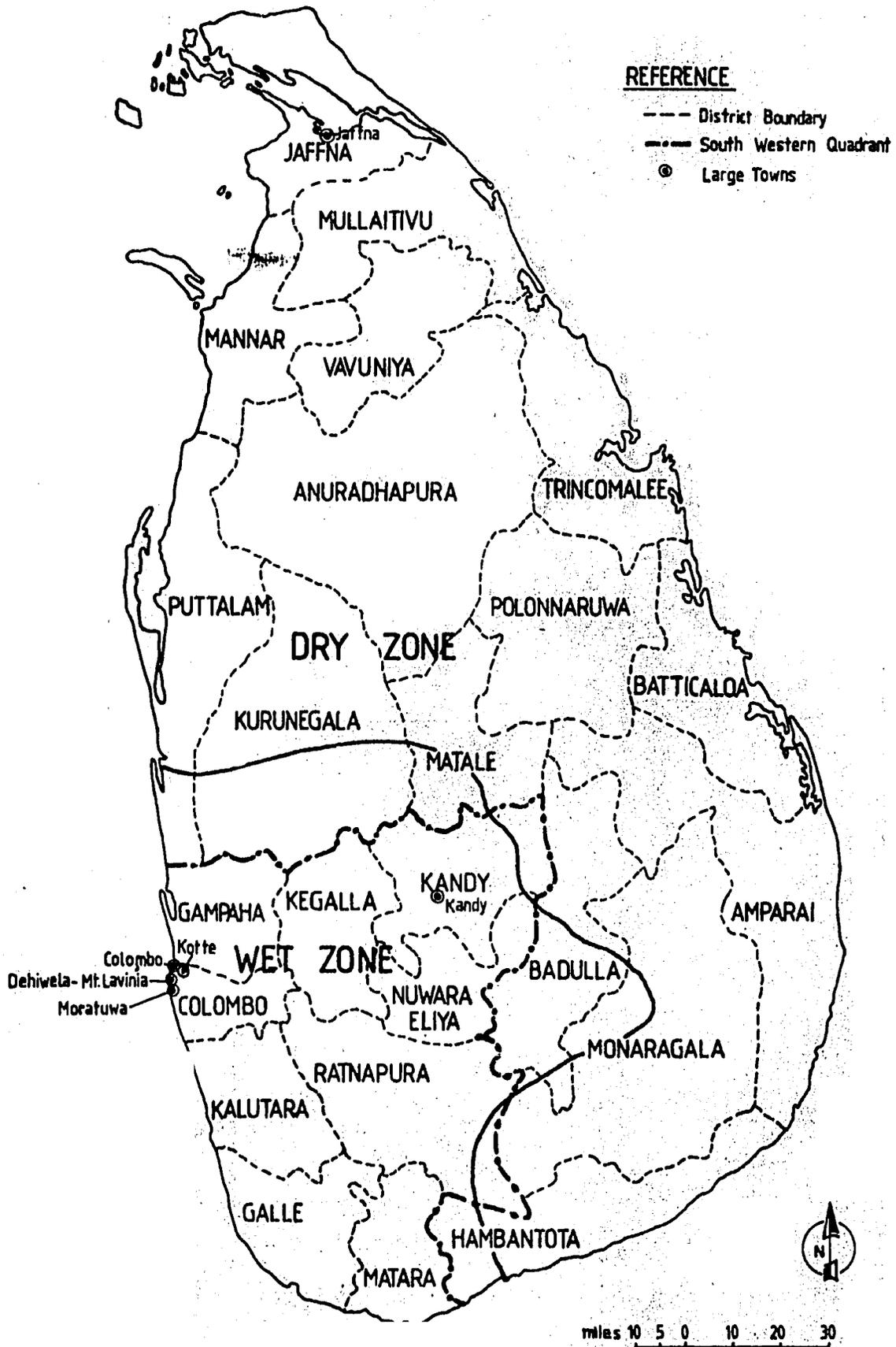
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FIGURE I

DISTRIBUTION OF SIZES OF LARGE TOWNS SRI LANKA 1981



LARGE TOWNS IN SRI LANKA



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PAPER THREE

SMALL AND MEDIUM TOWNS IN SRI LANKA

—a situational analysis and their planning significance

BACKGROUND AND PURPOSE OF PAPER

In Sri Lanka, one out of every five persons live in urban areas. In the latter, only nine of its towns exceed 50,000 population in size, of which six have populations of over 100,000 persons. Of the latter too, only one exceeds half a million while the rest are well below 200,000 population in size. In such a context, the small and medium towns can be regarded as those with populations below 50,000 persons in each. Such towns in the Sri Lankan urban perspective have become significant as suburbs and also as "service centres" to the rural hinterland and as "market towns" for rural producers.

In the above circumstances, a study of their pattern of prevalence by location and structure, of their rates of growth, and an analysis of their relevance in development, all become useful areas for enhancing the fund of knowledge needed in planning the Urban Sector in Sri Lanka. In particular, at this juncture when urban areas are being consciously promoted as contributors to economic growth, specific attention on the small and medium size towns will be most appropriate to achieve three objectives as follows :

- (a) to determine the framework of a national urban development strategy which will incorporate them in a hierarchichal manner that would simultaneously ensure complementarity with rural development.
- (b) to ascertain how they could act as focii of urban needs of rural people and as centres capable of accommodating the rural surplus of those persons electing to live in them.
- (c) to determine a suitable spatial structure of urban settlements which in turn will facilitate the securing of economic objectives through the rationalisation of the location of investments.

This Paper is hence an attempt to study and analyse the previously stated factors of small and medium towns with a view to formulating recommendations that would permit the realisation of the abovementioned three objectives.

METHODOLOGY OF STUDY

This study has utilised the definition of "urban" as employed in the national census. Accordingly, only those towns designated as Municipal Councils, Urban Councils, and Town Councils have been considered. Further, for the reasons noted previously, this study has defined those urban areas below 50,000 population-size, as small and medium towns in the Sri Lanka context. In this connection, those towns below 10,000 population will be regarded as small towns and others between 10,000 and 50,000 population as medium size towns. (*Vide* Figure I).

The format of the study has firstly included a classification of the small and medium towns by number and size. Their growth rates have next been discussed. Thereafter their locations and spatial structuring have been analysed. The conclusions and recommendations for development planning, arising out of the study, comprise its final section.

CLASSIFICATION OF SMALL AND MEDIUM TOWNS BY NUMBER & SIZE

In the post-independence period (i.e. 1946—1981), the magnitude of the urban population living in small and medium towns have increased by 1.34 million or at an average of 384,000 persons per decade (*Vide* Table 1). Further in that same period, one out of every two urban persons in Sri Lanka have been living in small and medium towns. Presently (1981), 1.8 million persons live in such towns.

In addition, the number of small and medium towns in the post independence period have always been greater than 85% of all towns in the country. (*Vide* Table 2). Accordingly, they have performed, and continue to play a significant role in the national urban scenario. It is thus contended that they have acted in concert to avoid large-scale migration to the large cities.

In terms of population living in the post-independence period it is revealed that a large share of them have always lived in the medium size towns. (*Vide* Table 3). Thus as seen in Table 3 the population living in the medium size towns of between 10,000—19,999 alone have always been greater than the cumulative total of all classes of the small towns.

Within its own categories, (as shown in Table 3), the largest share of the population of small towns is in its 5,000—9999 class. In the case of the medium size towns, the largest share of its population is in the 20,000—49,999 class. Hence in both types of towns their biggest classes have always held the largest share of their separate populations.

In terms of actual numbers, the small towns have been nearly equal or greater than the numbers of medium size towns in the post independence period. On the other hand it is noteworthy that while the number of medium size towns have been continuously increasing since 1946, the corresponding situation in the small towns have been a decrease in the Census years 1946—1953 and 1971—1981.

By a classification of small and medium towns in terms of major Administrative units, which comprise District Capitals and Municipalities, the numbers of medium size towns which consist of the latter, far exceeded the corresponding numbers of small towns in each of the Census Years 1971 and 1981, (*Vide* Table 4). Furthermore, it is noteworthy that in over-all terms, a greater proportion of all District Capitals and Municipalities comprise small and medium towns.

PATTERN OF GROWTH OF SMALL AND MEDIUM TOWNS

The average annual growth rates of the small and medium towns during the last inter-censal period (1971—1981), provides interesting data for study. They reveal that 30 or about half the total number of small towns are presently growing at rates higher than the national urban growth rate of 1.2% per annum. However, as shown in Table 5, twenty seven of their number (*ie* nearly half their total), are also growing at rates less than 1.0% per annum ; with three of them even growing at negative rates. Thus, in overall terms, the data in Table 5 suggests that, at present, the population in a majority of the small towns are not increasing very rapidly.

On the other hand as shown in Table 5, in the case of medium size towns, 39 or more than half its total number are, presently growing at rates higher than the national urban growth rate. Further, only twenty-two medium size towns, (*ie* one third of its total), are growing at rates less than 1.0% per annum. Hence, in overall terms, the data in Table 5 suggests that, at present, a greater number of the medium size towns are growing at rates faster than those of small towns. In this connection, the annual growth rates which provide greater propensity in the medium size towns are those between 1.0% to 1.99% and 2.0% to 2.99%.

However, a comparative observation of the data in Table 5, for small and medium towns, indicates that there were more medium size towns with negative growth rates, and also less of them at the other end of the spectrum with rapid growth rates.

Table 6 shows the complete list of small and medium towns and their individual average annual growth rates.

LOCATION AND SPATIAL STRUCTURE OF THE SMALL AND MEDIUM TOWNS

In terms of location, at present, 31 of the 59 small towns and 28 of the 66 medium size towns are located in the Dry Zone. (*Vide* Table 7 and Map 1) The remainder in each kind are located in the Wet Zone.

Table 7 also shows the distribution of small and medium towns by Districts in 1981. It indicates that Gampaha District had the largest number of medium size towns, with Jaffna, Kalutara, Colombo and Galle Districts following thereafter with five or more such towns in each. It further indicates that Badulla District had the largest number of small towns, with Kegalle, Puttalam, and Hambantota Districts following thereafter with five such towns in each.

It is also seen from Table 7 that there are no small towns in four of the Districts and no medium size towns in two of the Districts ; all such Districts being situated in the Dry Zone.

In terms of the shares of population, Table 7 indicates a wider spread of the shares in the medium size towns and less so in the small towns. Thus Map 2 shows the district-wise distribution of the ten largest shares of population in the small and medium towns. It indicates a high concentration in the South-West and in the Northern tip of the country. A lesser concentration is evident in the Eastern Coastline.

Map 3 shows the location of small and medium towns which have high rates of population growth. It indicates three distinct high growth rate zones in the south, south-west and the east.

The combined considerations of Map 2 and Map 3 suggests as follows, a spatial structure of four segments ; the development of which can be influenced by small and medium towns.

- i. south-west segment : Districts of Gampaha, Colombo, Kalutara, Galle, Matara, Ratnapura and Kegalle
- ii. central segment : District of Nuwara-Eliya
- iii. eastern segment : District of Trincomalee
- iv. northern segment : District of Jaffna

PLANNING ISSUES AND DEVELOPMENT STRATEGIES CONNECTED WITH THE SMALL AND MEDIUM TOWNS

The prevalence of a large share of the urban population in the small and medium towns which make up more than three fourths of all towns, is an indication of the high reliance on them in the urban scenario in Sri Lanka. Accordingly, they comprise an important factor for consideration in development planning at all spatial levels.

In the above connection, the location of nearly half the number of small and medium towns, and also of more than one third each of their populations in the Dry Zone, indicates the useful role they are performing in the process of development in the predominantly rural areas. In them they comprise a vital link for supporting rural producers and accommodating the surplus rural labour. By such means they thus demonstrate urban-rural complementarity which is necessary for effective rural development.

It was further noted in the preceding sections that a large proportion of District capitals and Municipalities comprise small and medium towns. This is a further confirmation of the functional specialisation needed in the development process and how such services can be provided even in small and medium towns.

In the above context, it is however necessary that in order to rationalise the location of investments and services, for these small and medium towns to be consciously integrated with each other and with higher order towns within a designed spatial structure. Such a feature can be secured through an urban growth strategy which can become instrumental in promoting appropriate economic development strategies at both national and sub-national levels.

A national urban growth strategy is in fact necessary to complement the economic strategies. Such a link is vital for whatever economic philosophy being followed by a Government in power. It is thus equally relevant for "free market economies" as well as for "centrally planned economies".

In both, it will provide public and private investors with a choice of locations carefully selected according to various levels of potentials for growth and equity. In such a context, it does not interfere with "free market" conditions, but grants it credibility and also acts as a stimulant to it. Accordingly, a well conceived urban growth strategy will enable investors to gain confidence in the fact that overall analysis for location of investments has already been done for them by the Planners in terms of both private and public benefit. In addition such a strategy will particularly assist public investments in prioritisation and choice of location for productive as well as infra-structure projects. In this way, the overall process of development will take place in a desirable manner and in the appropriate places.

However, presently there is no explicitly stated urban, hierarchy nor is there an urban growth strategy in the development process. Accordingly, the stimulus needed by the small and medium towns in certain Districts which have the potential for securing economic development objectives also do not exist. Thus, the small and medium towns in the southern and eastern Districts in particular appear to hang isolated in the absence of integrated regional development plans for them. In these circumstances it is now opportune to construct Development Plans for a "Trincomalee—Polonnaruwa—Batticaloa region" and a "Galle-Matara region".

In large contiguous urban settlements, the small and medium towns play a vital role either as suburban commercial centres or as more important sub-regional centres. In such a context they act as urban economic entities. Thus the small and medium towns in the urban regions of Colombo, and Jaffna possess the potential for such roles. In planning these Urban regions, these towns can be fashioned to achieve a stated development strategy.

On a national scale too, the absence of a stated urban growth strategy indicates that the small and medium towns are not been promoted to suit a desired pattern and direction of urban growth. Presently, the analysis of the distribution and of the rates of growth of the small and medium towns, when considered together with the distribution of the large towns too, suggests that, the national urban spatial structure straddles a South West-East axis through the central and north-central land mass.¹ The only urban area located outside this axis is that in the Jaffna District. Hence taking into account the settlements in the Accelerated Mahaweli Programme (*Vide* Map 4), and the desirability of promoting future populations to settle outside the dense south-west, a desirable national urban strategy could be fashioned on a broad urban corridor between the south-western seaboard (focussing on Colombo), and the eastern seaboard (focussing on Trincomalee). Within such a corridor the small and medium towns could perform a significant role in structuring different hierarchical services and production units.

(1) The Author regards large towns in the Sri Lankan context as those above 100,000 persons in each. They are presently (1981), Colombo City, Moratuwa, Dehiwela-Mt. Lavinia, Kotte, Kandy and Jaffna.

Thus taking into account the analysis of the data in Map 2 and in Map 3, together with the locations of the Country's large urban centres and of the towns in the Mahaweli Project areas, a corridor of about 50 miles width may need to be examined further for determining its final dimensions to be utilised in a planning strategy. This corridor needs to be supplemented with two other designated urban regions ; one in the south (around Galle) and another in the north (around Jaffna). The former may be an area of around 10—15 miles radius from Galle and the latter an equal size radius from Jaffna. It would then include the cluster of small and medium towns in them with its larger counterparts.

The promotion of the integration of small and medium towns within a stated urban hierarchy and also a designated urban growth strategy, must be based on a national spatial planning framework. The latter is required to facilitate both plan formulation and also plan implementation. In this connection, it may therefore be timely to design a suitable network of macro "planning regions" in the national spatial fabric within which the small, medium and large towns and their own urban regions can be consciously developed. Such regions will also provide the linkage of urban-rural complementarities so that the continued emphasis on agricultural development can be steered to secure comprehensive rural development.

The domination of the rural sector in national economic development strategies is a pointer to the importance and reliance that will continue to lie on small and medium towns. Accordingly, as stated earlier the latter will, even in the future, comprise a large proportion of the towns and of the urban population.

CONCLUSIONS AND RECOMMENDATIONS

The main conclusions arising out of the analysis in this Paper are as follows :

- (i) The small and medium towns, consisting of those between 10,000 and 50,000 populations, have always comprised more than 7/8ths of all towns in Sri Lanka. They include a large proportion of District Capitals and half the Municipalities in the country.
- (ii) Presently (1981), one out of every two urban people live in small and medium towns. The share of such population in the medium size towns (*ie* 10,000—50,000 population), is greater than that in the small towns (*ie* below 10,000 population).
- (iii) Presently, the population in a majority of the small towns are not increasing rapidly; while the reverse is true of the medium size towns wherein the propensity is provided by those growing at rates between 1.5% and 3.0% per annum.
- (iv) Seven out of the ten towns with negative growth rates are however medium size towns.
- (v) The distribution pattern of the small and medium towns indicate that by number they are equally divided between the wet and dry zones. By concentrations, they are clustered in the south-western quadrant and are also found in groups in the central, eastern, and northern districts of the country.
- (vi) The small and medium towns perform a key role in providing urban support in the pre-dominantly rural regions, and as suburbs in the pre-dominant urban regions.
- (vii) However, there is no explicit national urban growth strategy. Hence the small and medium towns lack spatial structuring in securing more effective urban rural complementarities.

- (viii) The current trends in the demographic characteristics of the small and medium towns indicate that they will continue to dominate the national urban scenario in Sri Lanka in the foreseeable future.

The recommendations for action are as follows :

- (a) It is recommended that an explicit national urban development policy be formulated urgently, including therein a component connected with the small and medium towns.
- (b) In the above context, it is also recommended that the role and function of the small and medium towns in both urban and rural sectors be consciously recognised and their economic base accordingly strengthened by integrating them in the plans for the development of the corresponding urban and rural regions. The latter should be specifically incorporated in the Settlement Planning policies of the Accelerated Mahaweli Development Programme.
- (c) It is further recommended that the presently existing urban spatial structure be incorporated in an appropriate national urban growth strategy. In this connection, the urban corridor between Colombo and Trincomalee and the urban regions around Galle and Jaffna should be further studied for refinement of their territorial dimensions which need to be included in such strategy.
- (d) It is also recommended that the national urban growth strategy be a component of an overall economic development strategy and be based upon a macro-economic planning framework for the effective realisation of economic development objectives.

TABLE 1
POPULATION OF SMALL AND MEDIUM TOWNS
IN POST-INDEPENDENT SRI LANKA

<i>Census Year</i>	1946	1953	1963	1971	1981
Population in Small & Medium Towns	439,582	429,968	1,014,442	1,612,197	1,782,975
Share of Total Urban Population (%)	43	35	50	57	56
Share of Total Population (%) ..	7	5	10	13	12

Sources : Urbanization in Sri Lanka, Mendis (1981) p. 31, Statistical Abstract (1979) p. 30/31 and Census of Population (1981) p. 3.

Note : Percentage figures have been rounded.

TABLE 2
SHARE OF SMALL AND MEDIUM TOWNS
IN TOTAL NUMBER OF TOWNS, SRI LANKA 1946—1981

<i>Census Year</i>	<i>Total Number of Towns</i>	<i>Number of small & Medium Towns</i>	<i>Share of Small & Medium Towns in All Towns</i>
1946	42	37	88
1953	43	36	85
1963	99	92	93
1971 .. .	135	130	96
1981	134	125	93

Source : Urbanization in Sri Lanka, Mendis (1981), p. 31.

TABLE 3
DISTRIBUTION OF POPULATION IN SMALL AND MEDIUM TOWNS, SRI LANKA BY SIZE AND
NUMBER OF TOWNS, 1946—1981.

<i>Census Year</i>	SIZE OF TOWN IN TERMS OF POPULATION						
	<i>Small Towns</i>				<i>Medium Size Towns</i>		
	<i>Below 2000</i>	<i>2000 to 4999</i>	<i>5000 to 9999</i>	<i>All Small Towns</i>	<i>10,000 to 19,999</i>	<i>20,000 to 49,999</i>	<i>All Medi- um Size Towns</i>
1946							
Number of Towns	3	9	7	19	13	5	18
Population	3601	28386	55874	87861	174598	177123	351721
% of Total Urban	0.4	2.8	5.5	8.7	17.1	17.3	34.4
1953							
Number of Towns	3	8	4	15	15	6	21
Population	4062	28338	29691	62091	213150	154727	367876
% of Total Urban	0.3	2.3	2.4	5.0	17.2	12.5	29.7
1963							
Number of Towns	9	21	23	53	21	18	39
Population	15342	74681	158280	248303	278153	487986	776139
% of Total Urban	0.8	3.7	7.9	12.4	13.8	24.2	38.0
1971							
Number of Towns	9	32	30	71	34	25	59
Population	10819	104095	215848	330762	499561	781874	1288095
% of Total Urban	0.4	3.7	7.6	11.7	17.5	27.5	45.0
1981							
Number of Towns	3	28	28	59	35	31	66
Population	5173	90518	199189	294880	511138	976957	1488095
% of Total Urban	0.2	2.8	6.3	9.3	16.0	30.5	46.5

Source : Urbanization in Sri Lanka. Mendis (1981) p. 31.

TABLE 4
**NUMBERS OF SMALL AND MEDIUM TOWNS BY MAJOR
 ADMINISTRATIVE UNITS, SRI LANKA**

<i>Census Year</i>		1971	1981
	Small Towns ..	4	3
District Capitals (Total : 24)	.. Medium Towns ..	16	17
Municipalities (Total : 12)	.. Small Towns ..	0	0
	.. Medium Towns ..	6	6

TABLE 5
**DISTRIBUTION OF SMALL AND MEDIUM TOWNS BY AVERAGE
 ANNUAL RATES OF GROWTH, 1971-1981**

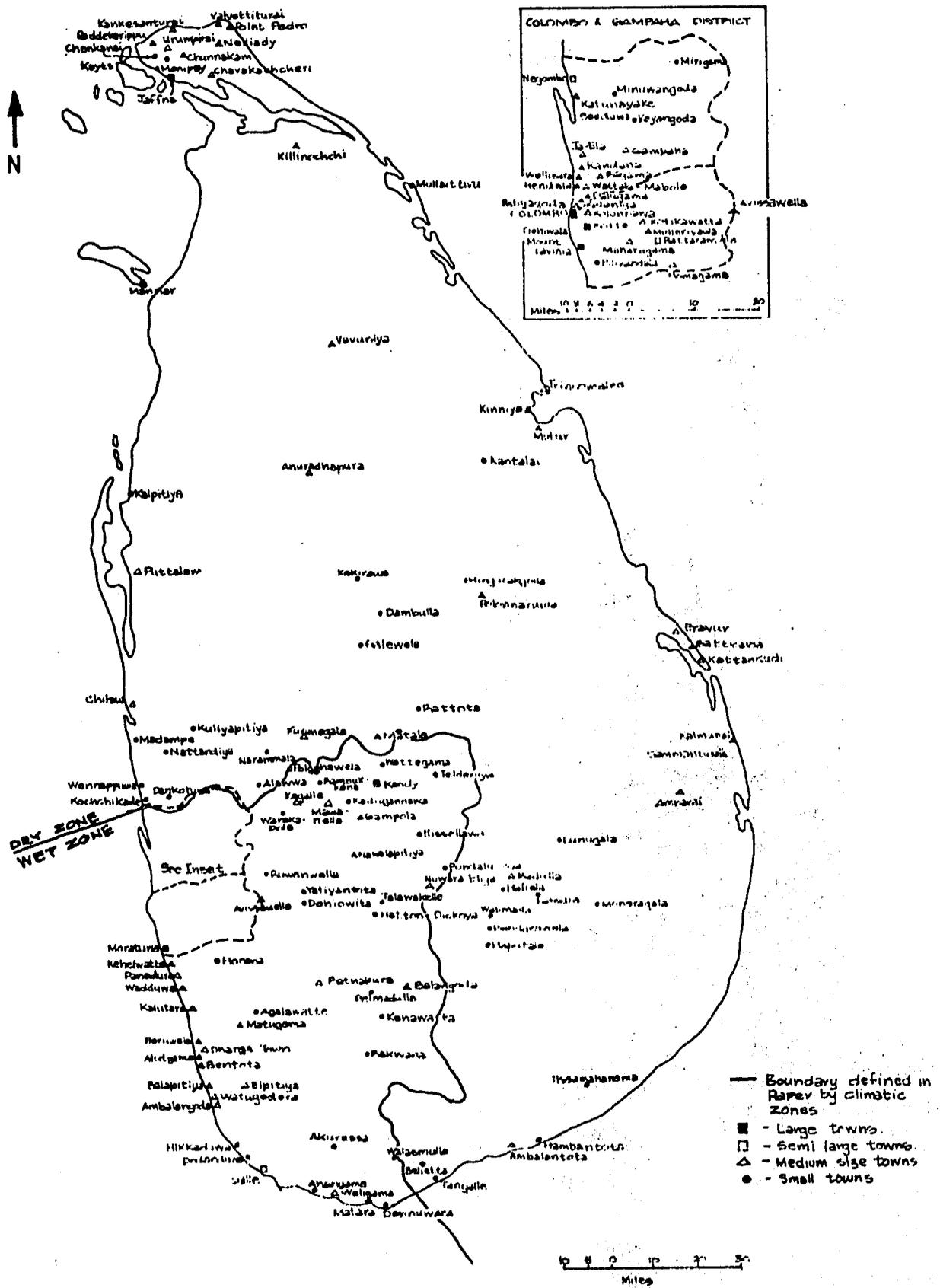
<i>Average Annual Rates of Growth (%) in the Inter-Censal Period 1971-1981</i>		<i>Below</i>	<i>Zero</i>	<i>Zero</i>	<i>1.00</i>	<i>2.00</i>	<i>3.00</i>	<i>Above</i>
		<i>Zero</i>	<i>Zero</i>	<i>to</i>	<i>to</i>	<i>to</i>	<i>5.00</i>	
	Small Towns ..	3	1	23	14	6	9	3
	Medium Size Towns ..	7	0	15	26	13	3	1

Note : The medium size town of Amparai was not included in the 1971 Census, and hence its growth rate has not been computed. Accordingly, the total number of medium size towns in the above Table is 65 and not 66 as reflected in Table 3.

TABLE 7
DISTRICT DISTRIBUTION OF SMALL AND MEDIUM TOWNS IN
SRI LANKA, 1981

District	Zone	Small Towns			Medium Size Towns		
		No.	Population	%	No.	Population	%
COLOMBO ..	.. W	1	6508	2.2	6	201621	13.5
KALUTARA	.. W	3	17668	6.0	7	159317	10.7
KANDY ..	.. W	4	13266	4.5	2	32889	2.2
MATALE .	.. D	3	9063	3.1	1	29745	2.0
NUWARA ELIYA	.. W	3	16547	5.6	1	21319	1.4
GALLE ..	.. W	3	18874	6.4	5	72063	4.8
MATARA ..	.. W	2	14513	4.9	2	57034	3.8
HAMBANTOTA	.. D	5	30340	10.2	1	11076	0.7
JAFFNA ..	.. D	3	19159	6.5	9	133227	9.0
MANNAR ..	.. D	Nil	0	0	1	14469	1.0
VAVUNIYA ..	.. D	Nil	0	0	1	18511	1.2
BATTICALOA	.. D	Nil	0	0	3	79565	5.4
AMPARAI .	.. D	Nil					
TRINCOMALEE	.. D	1	7293	2.5	3	75969	5.2
KURUNEGALA	.. D	4	17379	5.9	1	26519	1.8
PUTTALAM	.. D	5	19481	6.6	2	42293	2.8
ANURADHAPURA	.. D	1	5427	1.8	1	36248	2.4
POLONNARUWA	.. D	1	8966	3.0	1	11793	0.8
BADULLA ..	.. D	6	18524	6.3	1	32954	2.3
MONERAGALA	.. D	1	6048	2.0	Nil	0	0
RATNAPURA	.. W	3	11582	3.9	2	47617	3.2
KEGALLE ..	.. W	5	24676	8.3	2	28826	1.9
GAMPAHA ..	.. W	4	23244	7.9	11	301437	20.43
MULLAITIVU ..	.. D	1	7202	2.4	Nil	0	0
All Districts	.. —	59	294,880	100.0	66	1,480,095	100.0

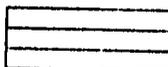
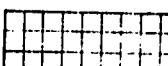
DISTRIBUTION OF URBAN SETTLEMENTS IN SRI LANKA 1982

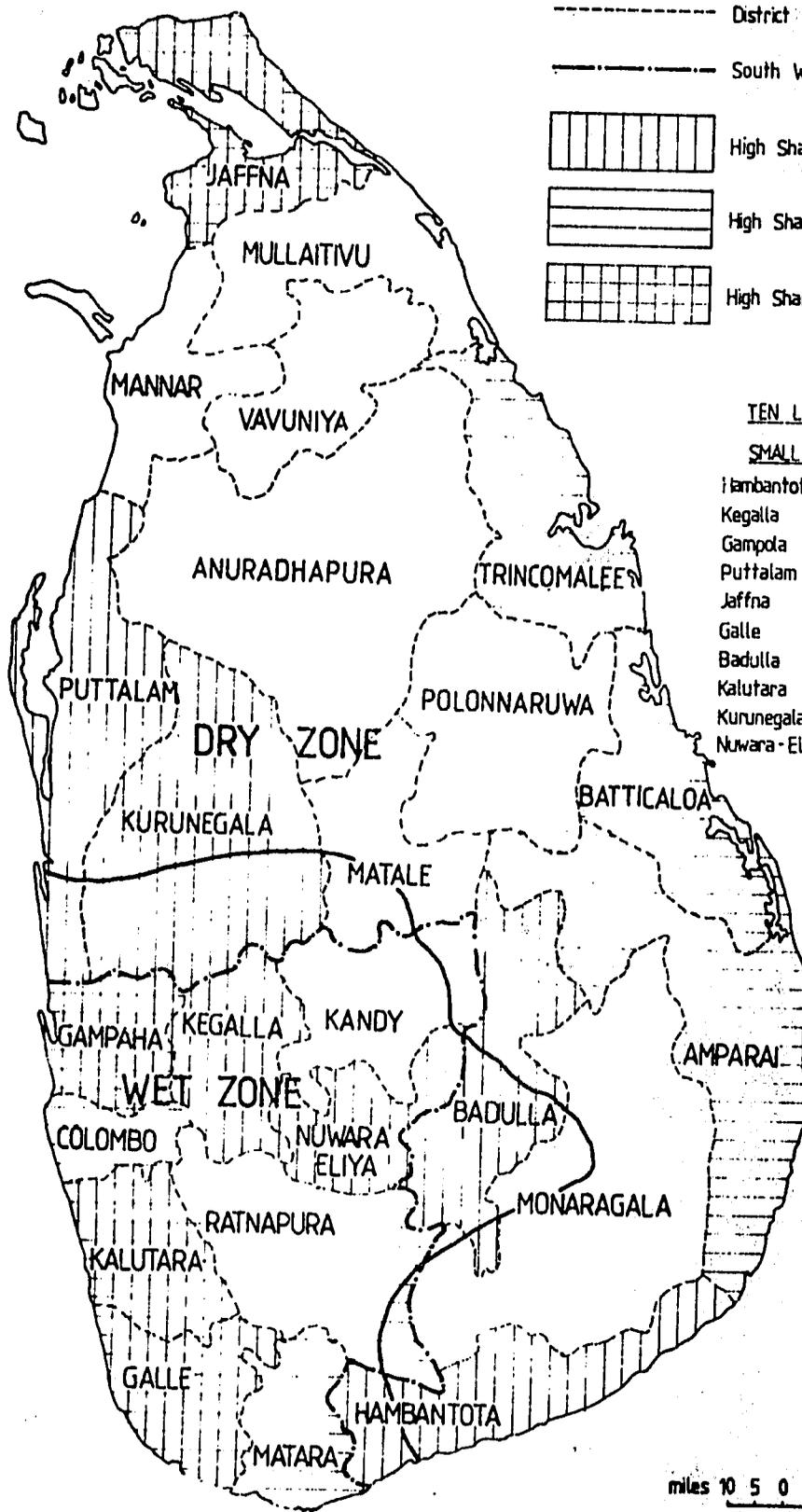


DISTRICT-WISE DISTRIBUTION OF THE TEN LARGEST SHARES OF POPULATION IN SMALL AND MEDIUM TOWNS, SRI LANKA, 1981

MAF 2

REFERENCE

- District Boundary
- South Western Quadrant
-  High Shares of Small Towns
-  High Shares of Medium Size Towns
-  High Shares of Both Small and Medium Towns



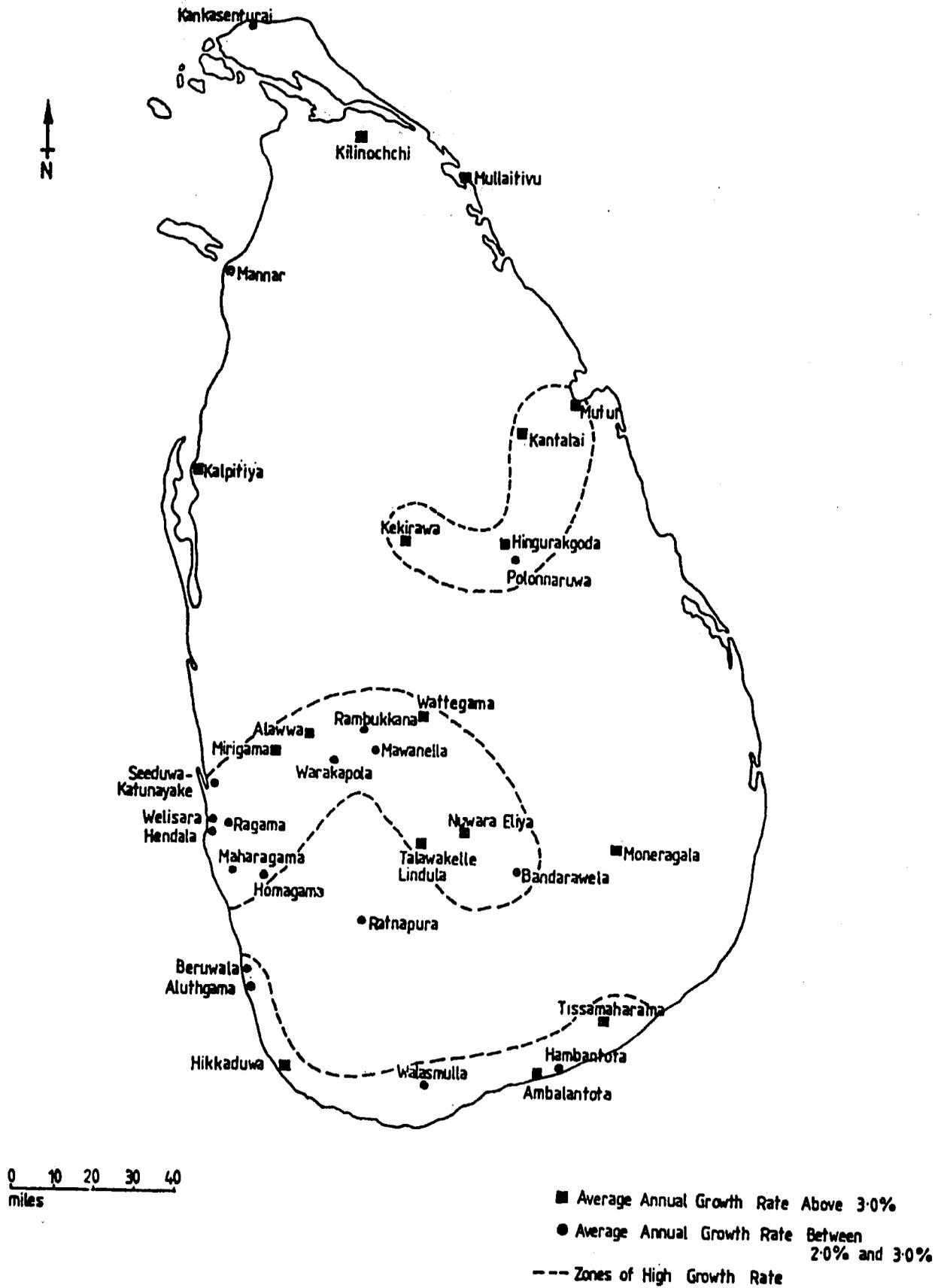
DISTRICTS WITH TEN LARGEST SHARES OF POPULATION

	SMALL TOWNS		MEDIUM TOWNS
Hambantota	10.2%	Gampaha	20.3%
Kegalla	8.3%	Colombo	13.5%
Gampola	7.9%	Kalutara	10.7%
Puttalam	6.6%	Jaffna	9.0%
Jaffna	6.5%	Batticaloa	5.4%
Galle	6.4%	Trincomalee	5.2%
Badulla	6.3%	Galle	4.8%
Kalutara	6.0%	Matara	3.8%
Kurunegala	5.9%	Amparai	3.6%
Nuwara-Eliya	5.6%	Ratnapura	3.2%



miles 10 5 0 10 20 30

Distribution of small & medium towns with high rates of population growth
1981 census



**URBAN SETTLEMENTS IN
SYSTEMS A,B,C,D & H
OF THE MAHAWELI PROJECT**

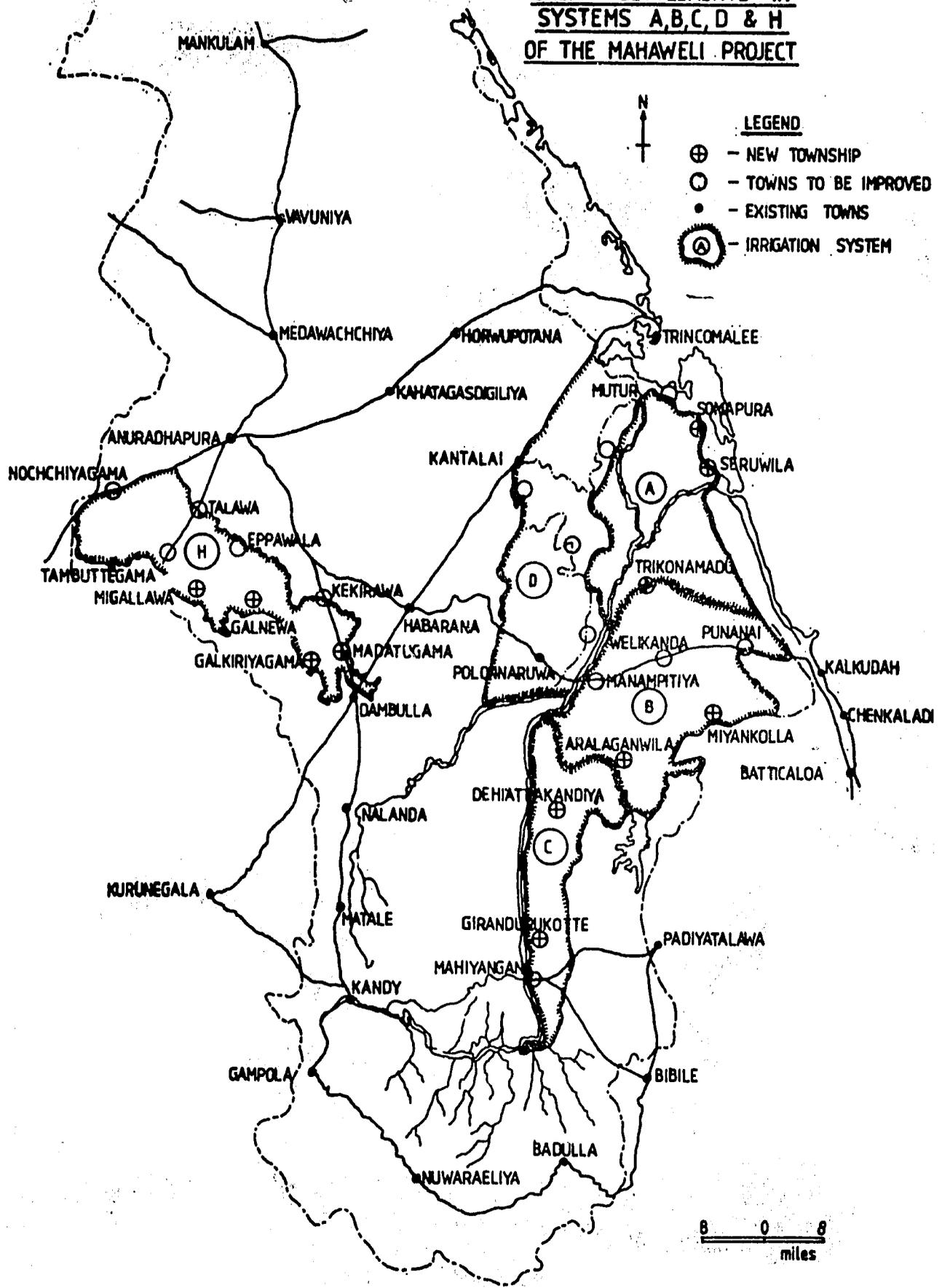
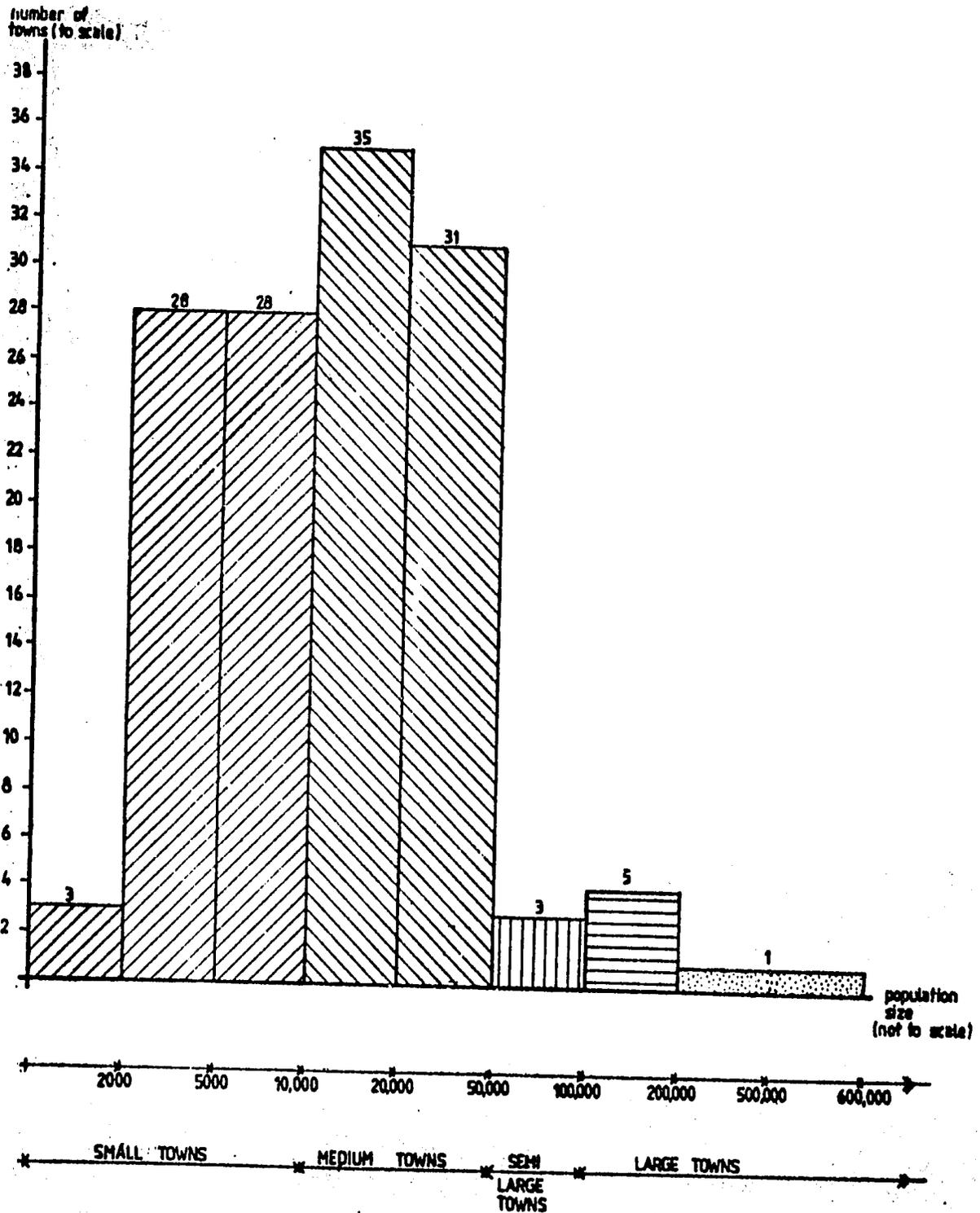


FIGURE 1



SCHEMATIC CLASSIFICATION OF TOWNS BY POPULATION SIZE, SRI LANKA
(1981 CENSUS)

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PAPER FOUR

AN ANALYSIS OF THE INTER-CENSAL GROWTH OF TOWNS IN SRI LANKA: its relevance in urban planning and development.

BACKGROUND

Several aspects of the urbanisation process and of the towns in Sri Lanka have already been studied, analysed, and documented by many Authors. Thus, Papers on Urbanisation in Sri Lanka at various periods have been written by Selvaratnam and Jones (1970), Ratnasingham (1976), Gamini-ratna (1977), and Mendis (1981). In addition work, on Small Towns and Large Towns in Sri Lanka have been authored by Abeysekera (1980) and Mendis (1982) respectively. These and many other research works on the Urban Sector in the country have enhanced its knowledge in recent times. Against such a background, this Paper on the analysis of the inter-censal growth of towns is viewed as a further addition to the growing list of contributions. Their cumulative influence will no doubt encourage a better understanding of the urban sector and thereby contribute to the qualitative improvement in planning for the development of urban areas in Sri Lanka.

PURPOSE OF SCOPE OF PAPER

The main purpose of this Paper is to analyse the inter-censal growth rates of the towns in Sri Lanka so as to accomplish the following objectives:

- (a) determine the pattern of growth rates;
- (b) identify, in particular, the towns which have high growth rates;
- (c) quantify the actual magnitudes of the increase in populations in the towns; and
- (d) analyse the potentials and constraints of growth in various towns in the promotion of their own development.

The analysis in this Paper is confined to the last inter-censal period 1971—1981.² In this connection, it has only taken account of the pattern of growth rates and has not discussed its casual effects such as migration, natural increase, etc., Further, it has not analysed the inherent features of the towns which act as influencing factors for losses or gains of population in them. It has thus confined its analysis only to the actual changes in population and their average annual growth rates per se.

METHODOLOGY OF STUDY

The methodology employed in this Paper has been to compute the average annual growth rates, and the actual increases of the populations in the last inter-censal period as indicated in the Census Reports of 1971 and 1981. These have then been categorised for contrasts, and also compared with the corresponding national urban growth rate for the same period. In addition, the location and spatial distribution of the faster growing towns have also been specifically analysed to ascertain probable directions of future urban growth.

- (1) A select Bibliography of recent publications on "Urbanisation and Urban Development in Sri Lanka" has been compiled jointly by the Author and the Librarian of the University of Moratuwa. Another Bibliography on the "Urban Sector in Sri Lanka" is also being compiled under sponsorship from UNICEF, Colombo.
- (2) The situation in the inter-censal period 1963—1971 has not been used for analysing trends in growth rates and actual additions of populations, due to the following reasons.
 - (a) 31 settlements were included as "towns" for the first time in the 1963 Census, and hence their growth rates could not be computed for the inter-censal period 1963—1971.
 - (b) the boundaries of some towns were revised between 1963—1971, and have consequently led to unrealistic growth rates in such towns.In these circumstances, the 1963—1971 situation has been used for a comparison of growth rates only in the case of Municipalities. (vide Table 5).

PATTERNS OF GROWTH RATES

The 1981 Census had 134 towns, while the number of towns at the 1971 Census was 135. The towns of Bandaragama and Mawathagama do not appear in the 1981 Census; but the latter includes the town of Amparai which did not appear in the 1971 Census.

The populations of the towns in 1971 and in 1981, together with their inter-censal increases and average annual growth rates are indicated in Table 1. It is seen from the latter, that the town with the highest growth rate of 9.73% per annum is Kilinochchi in the Jaffna District. At the other end of the spectrum is Nawalapitiya in the Kandy District with a negative growth rate of -1.04% per annum. One town, Agalawatte in the Kalutara District had zero growth.

It is also significant to note from Table 1, that of the 24 District Capitals, 13 had growth rates less than that of the national urban growth rate of 1.2% per annum. Two of the Capitals (i.e. Badulla and Matale towns), even had negative growth rates.

Furthermore, Table 1 shows that a total of 10 towns in Sri Lanka had negative growth rates; with 3 of them belonging to the Kandy District, 2 each in the District of Galle and Badulla and 1 each in the District of Colombo, Matale, and Trincomalee.

The distribution of towns by different growth rates is shown in Table 2. It indicates that just over one-fourth of all towns are growing at more than 2.0% per annum. The latter is much higher than the earlier mentioned national urban growth rate for the same inter-censal period.

Table 3 shows separately, the list of towns which have higher growth rates of over 3.0%. There are 17 such towns, of which 10 are located in the dry-zone and 7 in the wet-zone. Further, 6 of them comprise towns with less than 5000 population; another 6 towns with populations between 5000 and 10,000; 4 towns between 10,000 and 25,000 and 1 town between 100,000 and 150,000.

Table 4 also shows separately, the list of towns which have average annual growth rates between 2.0% and 3.0%. There are 18 such towns, of which 5 are located in the dry-zone and 13 in the wet-zone. Further, 4 of these towns have populations less than 5000 in each. 1 town between 5000 and 10,000; 8 towns between 10,000 and 25,000; 5 towns between 25,000 and 50,000. None of the towns belonging to this category of growth rate, have populations exceeding 50,000.

Thus it is noteworthy that higher growth rates have been acquired by the smaller towns with populations upto 10,000 and by the medium sized towns with populations between 10,000 and 50,000. 3 Further, more towns in the wet-zone belong to the category with higher growth rates vis-a-vis those in the dry zone.

In terms of spartial distribution of the towns with higher rates of population growth, a greater number of them are located at least 40 miles away from Colombo (*vide* Map 1). The locational pattern of the towns is suggestive of three distinct high growth rate zones in the country, as shown in Map 1. Of them, the most significant is the middle zone, with an interestingly similar but inverted configuration also emerging in the upper zone. It is further important to note from Map 1 that a greater number of the towns with higher growth rates are located inland and not along the coast.

In terms of Municipalities as shown in Table 5, eight of the 12 Municipal Council areas in Sri Lanka had growth rates of less than 1.0%; two of them (as indicated earlier), even having negative growth. Only 4 had growth rates above the national urban rate. The Municipality with the highest rate of growth was that of Nuwara-Eliya with 3.04% per annum.

(3) This is a unique situation in the international context where in many other Asian Countries (e.g. Pakistan Thailand, etc.) the big cities grow faster than the small and medium sized towns.

In the case of Municipal Council areas, it is also very significant to note from Table 5 that in a comparison with the average annual growth rates of the previous inter-censal period 1963—1971, every Municipality (with the sole exception of Nuwara-Eliya), has experienced a rapid decline in the rate in 1971—1981.

PATTERNS OF INCREASES IN POPULATION

The increases in actual numbers of persons in the last inter-censal period are also shown in Table 1. It is seen from the latter, that Moratuwa had the largest addition of 39121 persons, and Agalawatte the lowest addition of one person.

Further, as mentioned previously, ten towns had negative gains in population, with Badulla losing the largest number comprising 1704 persons, and Welimada losing the smallest number consisting of 38 persons.

Table 6 indicates the distribution of towns by categories of population increase. It shows that in 1981 more than half the total number of towns added to each of their 1971 population less than 2000 persons. Large additions of over 10,000 persons in each, were found only amongst a very few towns.

It is thus evident from the pattern of growth rates and also from the actual increases in population; that large scale urbanward migration has not occurred in Sri Lanka. It is further apparent that the network of urban settlements are concentrated in a configuration of small and medium scale towns.

PLANNING IMPLICATIONS OF THE GROWTH PATTERN OF TOWNS

An analysis of the growth characteristics of the towns constitute a vital backdrop in formulating development plans at both the strategic and at micro levels. In such a context, the growth patterns of individual towns must be supplemented with the actual magnitudes of their populations in formulating appropriate strategies in planning. In addition, Planners can also utilise the analysis of growth rates to determine potential urban-rural complementarities in the context of a 'regional plan'. Thus a town's growth may be due to problems in its rural hinterland or even due to its own potentials. The latter could arise from an additional population being needed to support a growing prosperity in its rural hinterland, or even from a "push factor" prevalent in its depressed rural hinterland. Or, on the other hand, the town's growth may be due to its own inherent capacity to offer attractive urban opportunities (e.g. Tourism Towns or Industrial Towns), wherein the people have thereby made a choice of settlement between alternative places.

In the above context, the Sri Lanka situation points to several such characteristics which need to be considered in planning. Thus, at a macro scale, when urban growth is considered in association with the actual magnitudes of urban population, then the Country, for purposes of formulating an appropriate planning strategy can be categorised into three zones as follows (*vide* Map 2).

Pre-dominant Urban Zone	: District of Colombo Gampaha and Kalutara.
Urbanising Zone	: District of Kandy, Galle, Jaffna and Trincomalee.
Pre-dominant Rural Zone	: Rest of Districts.

Such a categorisation will facilitate the planning of the direction of desired future urban growth by consciously promoting the development of selected towns. Thus, the crescent shaped high urban growth rate area (*vide* Map 1), focussing on Trincomalee and consisting of a crucial section of the Mahaweli Development Programme, offers the potential of being designated a "regional growth area". Such a choice of direction of future urban growth could then be matched with a national spatial strategy based on a Colombo-Trincomalee development axis. The latter is consistent with prevailing situations and also incorporates desired future directions of urban growth,

At the micro scale, the analysis of the growth rates of towns becomes relevant in offering the capability of determining where planning needs to intervene. Thus, the negative growth of some towns, (including two of the major Municipalities), and the excessive growth of other towns, are both characteristics which requires planning intervention. In addition, the slow growth rates of many of the towns are indicative of either an expansion of the fringe areas or a saturation of their own areas. Both consequences need the attention of Planners to avoid haphazard and uncontrolled development within the towns, and also to sustain the role of such towns as productive entities.

Thus, the analysis of the growth rates of towns have much significance in Planning for urban development.

CONCLUSIONS AND RECOMMENDATIONS

The main conclusions arising from the analysis of this Paper comprise the following⁴

1. Three fourths of the towns in Sri Lanka have average annual growth rates of less than 2% based on the last inter-censal period (1971—1981).
2. A large majority of the towns with higher growth rates are small and medium sized towns.
3. The highest inter-censal growth rate was 9.73% per annum and the lowest—1.04% per annum : one town had zero growth rate.
4. Ten towns had negative growth rates and included two Municipalities ; all Municipalities with the exception of Nuwara-Eliya have rapidly declining annual average growth rates.
5. The towns with higher growth rates were mostly inland and in the wet zone of the country. Most coastal towns did not have high growth rates.
6. There are three distinct zones in the country comprising towns of high growth rates ; there are also three areas which can be classified as Urban, Urbanising, and Rural.
7. In terms of the actual additions to the population, more than half the towns have had less than 2000 persons added and more than three fourths, less than 5000 persons added.

Based on the analysis of growth rates, the following actions are recommended in the context of formulating Urban Development Plans.

1. It is recommended that a national urban growth strategy be formulated taking account of the growth rates and actual magnitudes of the populations in the towns. Such a strategy may incorporate the high growth rate crescent focussing on Trincomalee as a designated "regional growth area".
2. It is recommended that the national urban growth strategy be an integral part of the "indicative policy package" of the economic development strategy of the Government, so as to guide the location of both private and public investments to selected towns and regional growth areas in the country.
3. It is also recommended that an explicit urban development policy be formulated to complement the designed strategy wherein the productive nature of towns is emphasised based on their capabilities to absorb higher rates of population growth.
4. Further, it is recommended that urban-rural complementarities be strengthened in the context of regional plans wherein towns with high growth rates could provide significant support to their rural hinterlands.
5. It is also recommended that further studies be done on the towns with excessive and negative rates : such studies should include the fringe areas of those towns.

(4) See Appendix One for the significant urban demographic features in the inter-censal period 1971—1981.

TABLE 1
INTER-CENSAL INCREASE AND AVERAGE ANNUAL GROWTH RATE,
URBAN AREAS OF SRI LANKA 1971-1981
Note: Figures in brackets in the District column represent the District Urban Growth Rate

DISTRICT	NAME OF TOWN	1971	1981	INTER-CENSAL INCREASE	AVERAGE ANNUAL GROWTH RATE (%)	DISTRICT	NAME OF TOWN	1971	1981	INTER-CENSAL INCREASE	AVERAGE ANNUAL GROWTH RATE (%)		
COLOMBO (1.2%)	COLOMBO CITY	562160	585776	23616	0.42	POLONNARUWA (2.7%)	POLONNARUWA	9551	11793	2242	2.35		
	DEHIWELA-MT. LAVINA	154785	174385	19600	1.27		HINGURAKGODA	6587	8966	2379	3.61		
	AVISSAWELLA	12153	14011	1858	1.53		ANURADHAPURA (0.7%)	34836	36248	1412	0.41		
	KOTTE	92042	101563	9521	1.03		ANURADHAPURA	4102	5427	1325	3.23		
	MORATUWA	96489	135610	39121	4.05		M ATALE (0.1%)	30704	29745	-959	-0.31		
	KOLONNAWA	37022	41149	4127	1.11		GALEWALA	2124	3246	222	1.05		
	BATTARAMULLA	43057	56535	13478	3.13		DAM BULLA	3147	3613	466	1.48		
	MULLERIYAWA	22515	22017	-498	-0.22		RATTOTA	2186	2204	18	0.08		
	KOTTIKAWATTE	43764	48513	4749	1.09		NUWARA-ELIYA (2.3%)	NUWARA-ELIYA	16347	21319	4972	3.04	
	HOMAGAMA	20333	25947	5614	2.76			TALAWAKELLF	3602	4864	1262	3.50	
	PILIYANDALA	5775	6508	733	1.27			PUNDALU-OYA	1815	1881	65	0.36	
	GAMPAHA (1.4%)	MAHARAGAMA	40378	49984	9606		2.34	HATTON-DICKOYA	9122	9802	630	0.75	
		NEGO MBO	57115	61376	4261		0.75	MATARA (0.8%)	M ATARA	36641	39162	2521	0.69
		JA-ELA	21737	24403	2666		1.23		WELIGAMA	16480	17872	1392	0.84
WATTALA-MABOLE		18039	19960	1921	1.06	DEVINUWARA	7558	7628	270	0.37			
PELIYAGODA		25035	25522	487	0.19	AKURESSA	5878	6885	1007	1.71			
GAMPAHA		10059	10657	608	0.60	JAFFNA (1.6%)	JAFFNA	107663	118215	10552	0.98		
MINUWANGODA		5843	6400	557	0.95		CHAVAK'CHERI	17829	19640	1811	1.02		
SEEDUWA-KATUNAYAKE		23565	28741	5176	2.20		POINT PEDRO	13739	15087	1348	0.98		
HENDALA		29308	36984	7676	2.62		VALTURAI	12196	13982	1786	1.46		
VEYANGODA		3823	3922	99	0.26		KILINOCCHI	7746	15285	7539	9.73		
KOCHCHIKADE		8646	9397	751	0.87		NELLIADY	13605	13941	336	0.25		
DALUGAMA		41200	47619	6419	1.56		K'KESANTURAI	11588	14587	2999	2.59		
KELANIYA		34635	36683	2048	0.59		CHUNNAKAM	14192	16164	1972	1.39		
KANDANA		18960	21799	2819	1.49		CHENKANAI	6248	7473	1225	1.96		
RAGAMA	17547	22274	4727	2.69	PANDATHER'PPU		8750	10435	1685	1.93			
KALUTARA (1.1%)	WELISARA	21527	26785	5258	2.44	MANIPAY	6546	7722	1176	1.80			
	MIRIGAMA	2587	3525	938	3.63	URUMPIRAI	11804	14106	2302	1.95			
	HORANA	7797	8887	1090	1.40	KAYTS	3725	3964	239	0.64			
	BERUWALA	20423	25175	4752	2.33	MANNAR (2.97%)	11157	14469	2312	2.97			
	PANADURA	27718	31190	3472	1.25	VAVUNIYA (1.84%)	15639	18511	2872	1.84			
	KALUTARA	28748	31495	2747	0.96	MULLAITIVU (4.61%)	4930	7202	2272	4.61			
	WADDUWA	14222	15587	1365	0.96	TRINCOMALEE (1.5%)	41784	44913	3129	0.75			
	MATUGAMA	10224	11782	1558	1.52	MUTUR	11678	15746	4068	3.48			
	KESELWATTE	28988	33688	4700	1.62	KANTALAI	4638	7293	2655	5.72			
	ALUTHGAMA	5427	6270	843	1.55	KINNIYA	16666	15310	-1356	-0.81			
	DHARGA TOWN	8746	10400	1654	1.89	KURUNEGALA (0.4%)	25189	26519	1330	0.53			
	AGALAWATTE	2510	2511	1	0.00	KULIYAPITIYA	5393	5810	417	0.77			
	KANDY (3.6%)	KANDY	93602	101281	7679	0.82	POLGAHAWELA	6015	6360	345	0.57		
	GAMPOLA	21599	20736	-863	-0.40	ALAWWA	2220	3044	824	3.71			
KADUGANNAWA	1562	1493	-69	-0.44	NARAMMALA	1902	2165	263	1.38				
NAWALAPITIYA	13558	12153	-1405	-1.04	PUTTALAM (1.8%)	17982	21463	3481	1.94				
WATTEGAMA	3865	6453	2588	6.70	CHILAW	17603	20830	3227	1.83				
PUSSELLAWA	2750	2822	72	0.26	MADAMPE	3291	5577	2286	0.54				
TELDENYA	2296	2498	202	0.88	WENNAPPUWA	2249	2505	256	1.14				
GALLE (0.8%)	GALLE	72720	77183	4463	0.61	DANKOTUWA	2763	3163	400	1.45			
	AMBALANGODA	14352	15605	1253	0.87	NATTANDIYA	2519	2760	241	0.96			
	AHANGAMA	8579	8414	-165	-0.19	KALPITIYA	3856	5476	1620	4.26			
	DODANDUWA	5356	5608	252	0.47	BADULLA (-0.7%)	34658	32954	-1704	-0.49			
	ELPITIYA	10155	11645	1490	1.47	HANDARAWELA	4037	4541	504	1.24			
	BENTOTA	10214	12262	2048	2.01	HAPUTALE	2404	2432	28	0.12			
	BALAPITIYA	15936	15250	-686	-0.43	HALI-ELA	2569	2694	125	0.47			
	HIKKADUWA	3224	4852	1628	5.05	PASSARA	3197	3225	28	0.09			
	WATUGEDERA	17002	17301	299	0.18	LUNUGALA	2357	2801	444	1.88			
	TANGALLE	8748	9567	819	0.94	W ELIMADA	2469	2431	-38	-0.15			
	HAMBANTOTA	6908	8559	1651	2.39	M ONERAGALA (4.52%)	4166	6048	1882	4.52			
	BELIATTA	3242	3494	252	0.78	RATNAPURA (1.9%)	29116	37354	8240	2.83			
	WALASMULLA	1897	2318	421	2.22	BALANGODA	8653	16103	7450	8.61			
	AMBALANTOTA	8211	11076	2865	3.49	KAHAWATTE	2856	3630	774	2.71			
TISSAMAHARAMA	4343	6402	2059	4.74	PELM ADULLA	5476	6153	677	1.24				
KEGALLE (1.6%)	KEGALLE	13262	14928	1666	1.26	RAKWANA	1716	1799	83	0.48			
	RAMBUKKANA	4817	5952	1135	2.36	AMPARAI (-)	12893	16431	3538	2.74			
	YATIYANTOTA	1978	2217	239	1.21	SAMANTURAI	14260	1367	1.06				
	WARAKAPOLA	3889	4701	812	2.09	KALMUNAI	19176	22912	3736	1.90			
HATTICALOA (1.4%)	RUWANWELLA	4455	4856	401	0.90								
	MAWANELLA	10930	13898	2968	2.72								
	DEHIOWITA	6664	6950	286	0.43								
	BATTICALOA	36761	42934	6173	1.68								
KATTANKUDY	15379	17526	2147	1.40									
ERAVUR	18720	19105	385	0.21									

TABLE 2
DISTRIBUTION OF TOWNS BY RATES OF GROWTH,
SRI LANKA 1971—1981

<i>Number of Towns</i>	1	56	41	19	8	5	2	1	<i>Nil</i>	<i>Nil</i>	1	
<i>Average Annual Growth Rate (%)</i>	..	<i>Zero</i>	<i>Zero</i>	1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0
		to	to	to	to	to	to	to	to	to	to	to
		1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0	

TABLE 3
TOWNS WITH POPULATION GROWTH RATES OVER 3.0%
PER ANNUM, SRI LANKA

<i>Number</i>	<i>Name of Town in Order of Growth Rate</i>	<i>Average Annual Growth Rate in the Inter-Censal Period 1971—1981 (per cent)</i>	<i>Zonal Location DZ, Dry Zone WZ, Wet Zone</i>
1	KILINCHCHI	9.73	DZ
2	WATTEGAMA	6.70	WZ
3	KANTALAI	5.72	DZ
4	HIKKADUWA	5.05	WZ
5	TISSAMAHARAMA	4.74	DZ
6	MULLAITIVU	4.61	DZ
7	MONERAGALA	4.52	DZ
8	KALPITIYA	4.28	DZ
9	MORATUWA	4.05	WZ
10	ALAWWA	3.71	WZ
11	MIRIGAMA	3.63	WZ
12	TALAWAKELLE	3.50	WZ
13	AMBALANTOTA	3.49	DZ
14	MUTUR	3.48	DZ
15	KEKIRAWA	3.23	DZ
16	HINGURAKGODA	3.23	DZ
17	NUWARA-ELIYA	3.04	WZ

TABLE 4

TOWNS WITH ANNUAL POPULATION GROWTH RATES BETWEEN
2.0% AND 3.0% SRI LANKA

<i>Number</i>	<i>Name of Town in Order of Growth Rate (%)</i>	<i>Average Annual Growth Rate in the Inter-Censal Period 1971--1981 (%)</i>	<i>Zonal Location DZ. Dry Zone WZ. Wet Zone</i>
1	MANNAR	2.97	DZ
2	RATNAPURA	2.83	WZ
3	HOMAGAMA	2.76	WZ
4	MAWANELLA	2.72	WZ
5	RAGAMA	2.64	WZ
6	HENDALA	2.62	WZ
7	KANKESANTURAI	2.59	DZ
8	WELISARA	2.39	DZ
9	HAMBANTOTA	2.39	DZ
10	MAHARAGAMA	2.38	WZ
11	RAMBUKKANA	2.36	WZ
12	POLONNARUWA	2.35	DZ
13	BERUWELA	2.33	WZ
14	BANDARAWELA	2.24	WZ
15	WALASMULLA	2.22	DZ
16	SEEDUWA--KATUNAYAKE	2.20	WZ
17	WARAKAPOLA	2.09	WZ
18	BENTOTA	2.01	WZ

TABLE 5
AVERAGE ANNUAL GROWTH RATES
MUNICIPALITIES, SRI LANKA

Number	Municipality	Average Annual Growth Rate (%) in the Inter-Censal Periods	
		1971—1981	1963—1971
1	COLOMBO	0.42	1.24
2	NEGOMBO	0.75	2.64
3	KANDY	0.82	4.60
4	JAFFNA	0.98	1.65
5	GALLE	0.61	1.15
6	KURUNEGALA	0.53	1.88
7	MATALE	-0.31	2.19
8	BADULLA	-0.49	3.85
9	DEHIWELA-MT. LAVINIA	1.27	4.88
10	BATTICALOA	1.68	7.45
11	RATNAPURA	2.83	5.23
12	NUWARA-ELIYA	3.04	1.46

TABLE 6
DISTRIBUTION OF TOWNS BY CATEGORIES OF POPULATION ADDITIONS
IN THE INTER-CENSAL PERIOD 1971—1981, SRI LANKA

Additions to Population of each town (in number of persons)	1	1,000	2,000	5,000	10,000	15,000	20,000	25,000	30,000	
	to	to	to	to	to	to	to	to	to	
	999	1,999	4,999	9,999	14,999	19,999	24,999	29,999	40,000	
Number of Towns	..	44	30	33	11	02	01	01	Nil	01

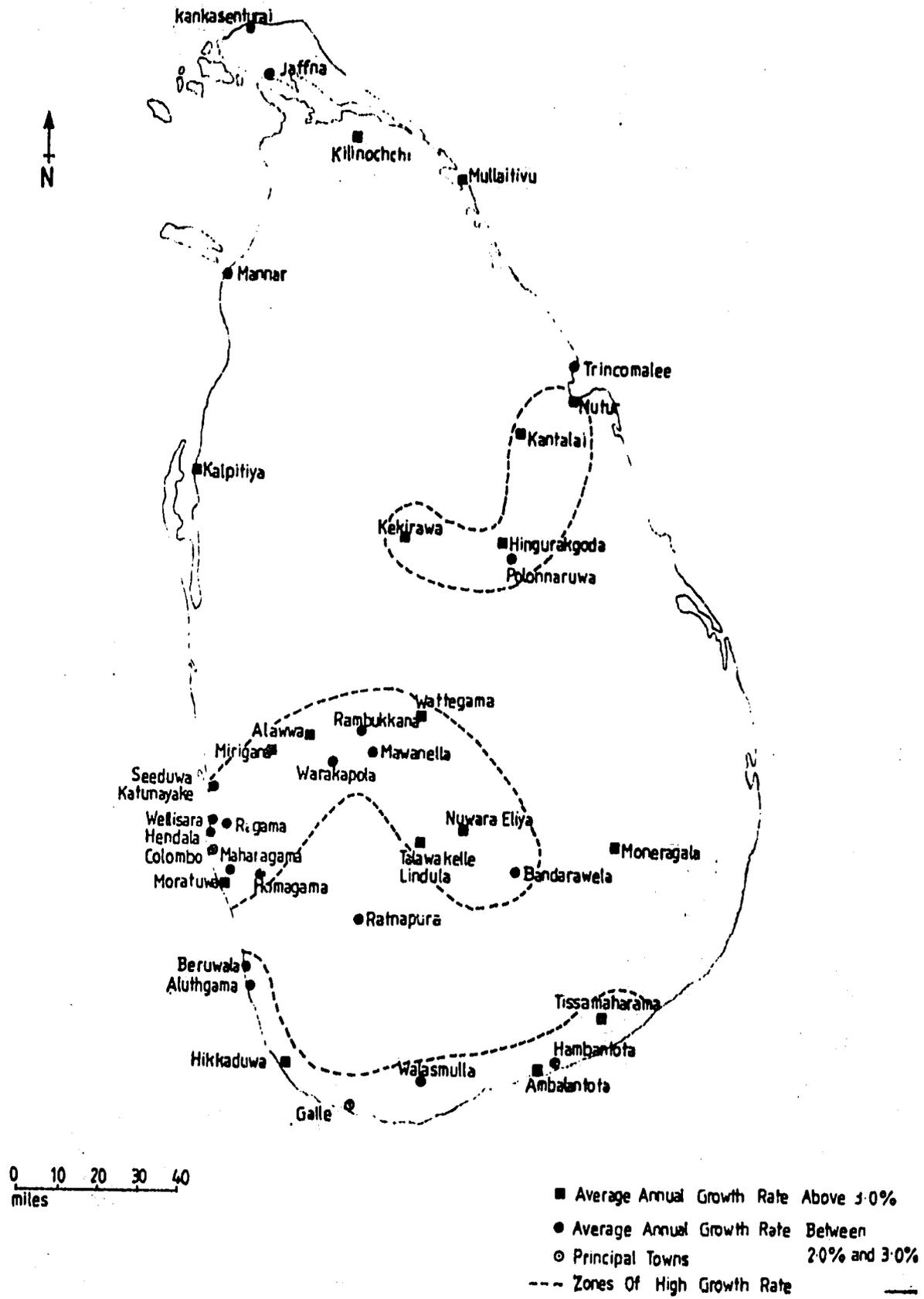
APPENDIX ONE
SIGNIFICANT URBAN DEMOGRAPHIC FEATURES OF THE
INTER-CENSAL PERIOD 1971—1981

<i>ITEM</i>		<i>ITEM</i>	
Total Urban Population .. ..	.. 3.19 Million	Highest negative growth rate among towns ..	1.04% p.a. (Nawalapitiya)
Share of Urban Population in National Population .. ..	.. 21.5%	Largest population increase in any town ..	39121 persons (Moratuwa)
Total number of towns at 1971 Census..	.. 135	Largest urban population increase in any district .. .. .	.. 131525 persons (Col. Dis.)
Total number of towns at 1981 Census..	.. 134	Lowest population increase in any town ..	.. 01 person (Agalawatte)
Additions of towns at 1981 Census ..	.. 01 (Amparai)	Lowest urban population increase in any district .. .. .	.. 6048 persons, (Mona-ragala District)
Deletions of towns at 1981 Census ..	.. 02 (Bandara-gama & Mawa-thagama)	Largest decrease of Population in any town ..	.. 1704 persons (Badulla)
District with highest urban growth rate ..	.. 4.61% p.a. (Mullaitivu)	Fastest growing Municipality ..	.. 3.04% p.a. (Nuwara Eliya)
District with lowest urban growth rate ..	.. 0.10% p.a. (Matale)	Slowest growing Municipality ..	.. 0.42% p.a. (Colombo City)
District with negative urban growth rate ..	.. One-0.70% p.a. (Badulla)	Municipalities with negative growth rates ..	.. 02 (-0.31% Matale M.C. & -0.49% Badulla M.C.)
Fastest growing town .. ..	.. 9.73% p.a. (Killinochchi)	Fastest growing District Capital ..	.. 4.61% p.a. (Mullaitivu)
Slowest growing town .. ..	.. 0.08% p.a. (Rattota)	Slowest growing district Capital ..	.. 0.27% p.a. (Amparai)
Total number of towns with negative growth rates..	10	District Capital with negative growth rates ..	.. 02 (0.31% Matale & -0.49% Badulla)

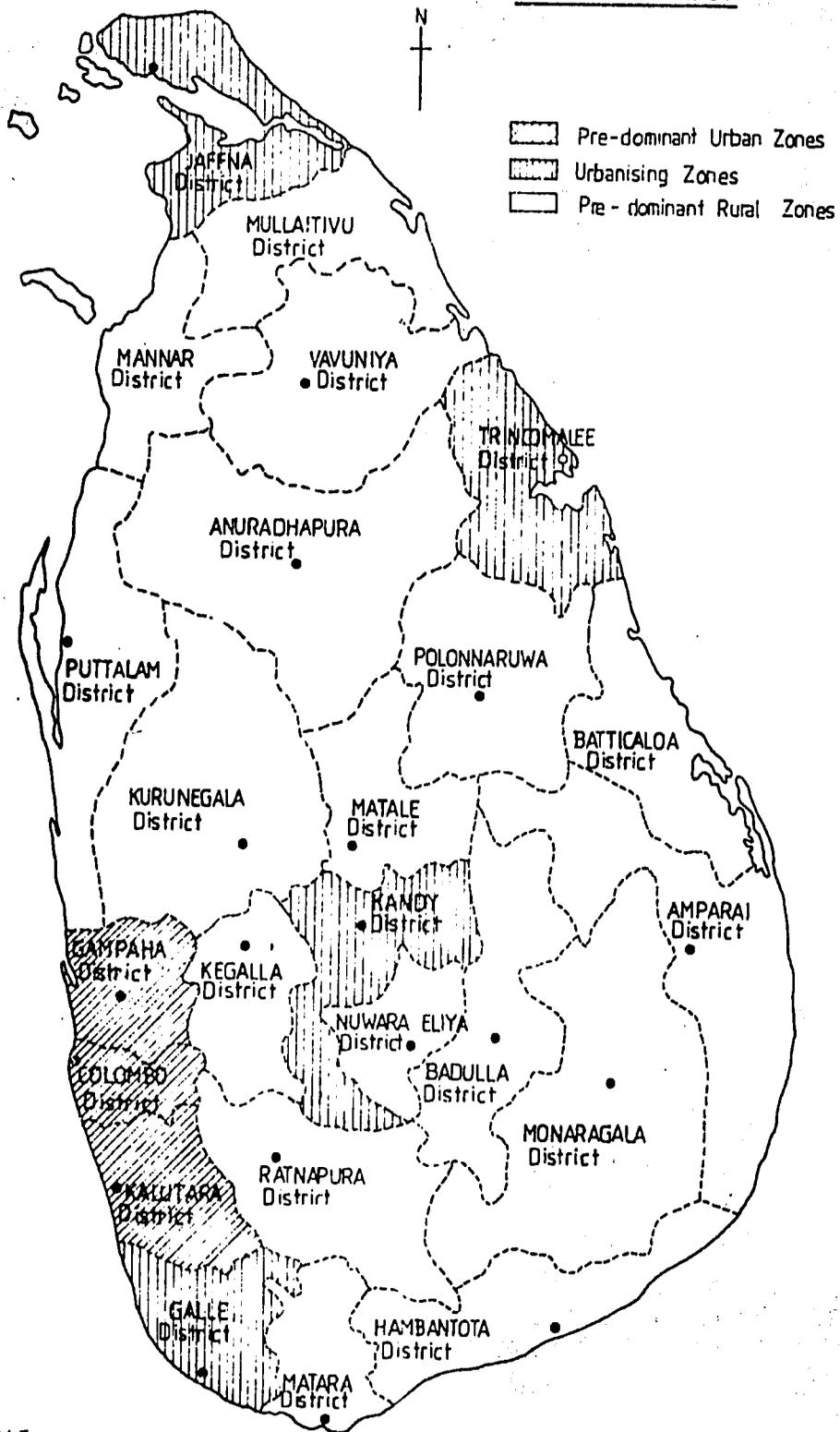
Sources : Census of Population 1971 and 1981, Department of Census and Statistics, Colombo.

- Notes* : 1. "Towns" comprise Municipalities, Urban Councils and Town Councils.
2. Growth rate refers to Average Annual Growth Rate.

Distribution of towns with high rates of population growth
1981 census



PATTERN OF URBANIZATION
SRI LANKA - 1981



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PAPER FIVE
**URBAN DEVELOPMENT
IN SRI LANKA**

BACKGROUND

The planning, designing and construction of towns and cities in Sri Lanka has been a continuous process for centuries. Ancient Sri Lanka boasts of magnificent cities such as Anuradhapura, Polonnaruwa, Sigiriya, and Yapahuwa. Writings of ancient times describe the beauty and function of these cities in glowing words.¹ It can be aptly concluded from such works that our ancient towns and cities had been designed and laid-out with the highest objectives of social and economic organisation and in keeping with the ideals of aesthetic balance.

The economic role of these ancient urban settlements is clear by their very location, either around agricultural hinterlands or at sea-ports. In such a context, agriculture and trade provided the basis of the early cities. Occupational specialisation and social development in them had been stimulated only under those conditions.

Colonial intrusions brought about new additions and the decay of older urban settlements.² Thus, Colombo became a centre of trade in the 15th century. Its development as a permanent settlement resulted in it being a trading, manufacturing, administrative, defensive, religious and cultural centre for the region surrounding it. During this period other urban centres such as Galle, Kandy, and Jaffna also began to emerge as foci of trade and administration.

Further, this was the period in which the import-export based national economy began to strongly influence occupational specialisation supported by an increasing population and improved literacy rates. Against this background, the country as a whole experienced a movement of people to the towns and cities which thereby consolidated their establishment as permanent human settlements. This process was re-inforced by the limitations and constraints of the agricultural sector and by the net increase of the already existing urban population itself.

The consequence was the emergence of a recognisable "urban sector" of modern times, in the national economy.

URBANISATION PATTERNS AND TRENDS

It is firstly relevant in the context of this Paper to understand the demographic profile of the contemporary urban sector in Sri Lanka.³ Thus the urban population at the beginning of this century (1901), was 414,000. It became 1,023,000 in 1946, which was just before national independence and presently (1981), it is 3,194,879 persons.

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- (1) Reference of writings on ancient cities have been quoted by Roland Silva from the following in his article on "Lessons of Town Planning from Ancient Ceylon," Presidential Address to the Ceylon Institute of Architects 30th May 1972.
- (a) Mahavamsa.
- (b) Legge, J., A Record of Buddhist Kingdom—being an account by the Chinese Monk Fa—Hien of his travels in India and Ceylon (AD 399—414), Oxford 1886, p. 104.
- (c) Tennent, J. E., Ceylon, Vol. 1, London 1860, pps. 494, 495, 568.
- (d) Kurunaratne, W. S., Brahmi Inscriptions of Ceylon, MS Cambridge 1960, p. 132.
- (2) Portuguese (1505—1658) ; Dutch (1658—1796) ; British (1796—1948).
- (3) In Sri Lanka, urban status is conferred on an area by the Minister in Charge of Local Government purely for local administrative purposes. In this connection, those areas which are defined as "urban" are classified administratively as Municipal, Urban and Town Councils. In July 1981, the Town Councils were integrated with Village Councils to form the newly established Development Councils. Hence, since that date, a re-definition of "urban areas" have become necessary.

The average annual rate of growth of this urban population has been 3.2% between 1901—1946, and 6.0% between 1946—1981. However, in more recent time spans, the corresponding average annual rates of growth have been 6.2% between 1953—1963, 5.1% between 1963—1971, and 1.2% between 1971—1981. Hence, the urban population is presently increasing at a decreasing rate.

By spatial distribution, more than $\frac{3}{4}$ ths of the urban population now live in the south-western quadrant of the country or its wet-zone. The remainder is scattered in the dry-zone. This distribution of population is represented by a corresponding town-size pattern which indicate that of the 134 towns, 59 are below 10,000 population, 66 are between 20,000 and 50,000 population, 3 are between 50,000 and 100,000 population, and 6 are over 100,000 population. Thus only 9 towns in the country have more than 50,000 population in each.⁴ None are million size cities nor even $\frac{1}{2}$ million size cities.⁵

In terms of concentrations, the biggest urban cluster is around Colombo containing a population of 1.83 million persons in the Colombo Metropolitan Region which comprises the entirety of Colombo and Gampaha Districts and most of the Kalutara District. The others are the Galle Cluster with 168,000 persons, Kandy cluster with 148,000 persons, and the Jaffna cluster with 271,000 persons.

In computing the future projections of urban population based on current trends, and also by taking into account the continued emphasis on agro-based development programmes and the upgrading of amenities and facilities in rural regions, it is considered unlikely that Sri Lanka will experience large-scale urbanward migration, which have been characteristic of many developing countries. Thus, the Author has forecast that the urban population will comprise about one-third the total population (or 5.9 million persons), by the end of this century. A large share of this population is likely to be distributed in a configuration of small and medium sized towns.⁶

Thus the demographic profile suggests that the urban perspective in Sri Lanka does not comprise a vast urban structure of multi-million size cities or massive expanses of urban land conurbations. Yet, in relative terms, it does point to a large enough population to warrant the attention of policy-makers and planners alike.

THE URBAN SECTOR AND DEVELOPMENT PLANNING

The significance of recognising the urban sector as a contributor to national economic growth arises from two considerations. Firstly, the urban economy is already equipped to accommodate occupational specialisations and thereby possesses the capacity and capability of absorbing productive work. Secondly, the urban sector is a necessary compliment for rural development through the provision of several facilities and amenities required by the latter. In both considerations, the urban sector not only can contribute to national economic growth, it also offers a choice and range of opportunities for the present and future populations in deciding upon employment and place of permanent settlement between urban centres spread across the country.

Such opinions have been incorporated in national economic development plans since the formulation in 1959 of the first "comprehensive plan for the development of the Ceylon economy covering both the public and private sectors."⁷ Thus, the latter took account of urbanisation trends at

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- (4) Maharagama had a population of 49,984 at the 1981 Census. Hence in actual terms a total of 10 towns can be regarded as having over 50,000 persons in each.
 - (5) Colombo has a resident population of 585,776. It also has an estimated daily floating population of 350,000. Hence on any working day, it could be regarded as a million size city in the day-time.
 - (6) The author has carried out a study of the Large Towns in Sri Lanka (1982), and has forecast in it such a pattern of distribution of future urban population. (*Vide* Economic Review, Vol. 8 No. 1, April 1982, p. 27).
 - (7) The Ten Year Plan, 1959—1968, National Planning Council, The Planning Secretariat, Colombo, 1959 p. (iii).

that time and also assessed the long-term capacity of Agriculture as a source of productive employment, and stated :

“The conclusion is clear. Whatever possibilities still remain in the field of agriculture, it will not afford a permanent outlet for the growing population. Once these possibilities have been exploited to the full there will be no alternative but to develop other avenues of productive employment. In fact, these other avenues will need to be developed even before that date. For even in the earlier phase, the rate of expansion in agricultural employment may well fall short of expansion of the total workforce.”⁸

The development of such non-agricultural activities was inferred to primarily emerge from the urban sector.

The Short-Term Implementation Programme 1961/62—1963/64 also stressed the necessity to undertake urban planning and recommended a development strategy in which “all sectors should be developed in which special emphasis should be placed on those which were neglected in the past but have great potentialities for development. At the same time this should be done in such a way as to arrive at a balanced growth between the several sectors as well as between rural and urban areas and between regions.”⁹

Subsequently, the Five Year Plan 1972—1976, which laid great emphasis on the regeneration of the rural sector, also recognised the need for development in the urban areas, particularly through investments in housing.¹⁰

The present Government which took Office in May 1977 and opted to formulate a “Public Investment Programme”¹¹ over a medium term and a corresponding “Rolling Plan” based on it, has relied more strongly on the urban sector to achieve its development objectives. Thus, it has included two urban based programmes among the three “lead projects” formulated in its Public Investment Programme. These comprised the following:¹²

- i. The Free Trade Zone of the Greater Colombo Economic Commission ; and
- ii. Urban Renewal and Housing Programme.

During this period of inclusion of urban activities in the national economic plans, a parallel effort in urban development through “town plans” was also being pursued by urban Local Authorities and by the Department of Town and Country Planning of the Ministry of Local Government.¹³ More recently, in 1978, an Urban Development Authority was also created by statute under his same Ministry” to promote integrated planning and implementation of economic, social and physical development of Urban Development Areas”¹⁴

The town planning process has been traditionally concerned with the physical components consisting of land, buildings, infra-structure and the associated design of the towns to secure convenience, hygiene, and beauty in them. Hence, it was primarily oriented towards the selection of sites for civic needs based on the principles of land-use zoning, and in development control for ensuring non-conflicting development. In this manner “planning schemes” were formulated for Colombo, Kalutara, Nuwara-Eliya, Badulla, Mahiyangana, Kelaniya, Kataragama and a few other towns. In addition, several more “Zoning Schemes” were also formulated in various towns to provide a basis for development control when processing applications for approval of building activity.¹⁵

(8) Ibid, p. 26.

(9) The Short-Term Implementation Programme 1961/62—1963/64, Department of National Planning, Colombo, 1962, p. 22.

(10) The Five Year plan 1972—1976, Ministry of Planning and Employment, Colombo 1971, p. 122.

(11) The Public Investment Programme 1979/83, 1980/84, and 1981/85, Ministry of Finance and Planning, Colombo.

(12) Public Investment Programme 1979—1983, Ministry of Finance and Planning, Colombo No. 13 of 1946, p. 49.

(13) Town Planning Schemes are prepared under the provisions of the Town and Country Planning Ordinance, No. 13 of 1946.

(14) Urban Development Authority Law No. 41 of 1978, Government of Sri Lanka, Colombo, 1978.

(15) Zoning Schemes are prepared under the provisions of the Housing and Town Improvement Ordinance 1946 (Section 28).

The creation of the Urban Development Authority has shifted this emphasis from the interest of Town Planning in mere land use planning to the promotion of actual large scale investment, (of both, private and public sector funds), in urban areas.¹⁶ It has therefore stimulated interest in 'property development' based on pre-determined planning rules. The Authority's approach to the development of towns in this manner, matched by the massive outlay of public and private investment in them, has produced a new image to the urban sector. Consequently, "urban development" has now begun to acquire the kind of environment associated with economic development activities and has thereby begun to attract the attention of economic planners and monetary authorities. Such an interest in positive terms is however yet in its very early infancy. This is not unique for Sri Lanka. Thus studies of other countries also indicate that the involvement of urban areas in national economic development policies has been a process of transition from the improvement of individual towns to integrated urban development in national and regional terms. In them, this has been accompanied by the formulation and refinement of urban development policies. Hence, the Sri Lanka situation of the latter is relevant for discussion in this Paper.

URBAN DEVELOPMENT POLICIES

Although statutory urban planning has been prevalent for nearly four decades, there are no explicit urban development policies being followed in Sri Lanka. The latter has been acknowledged by the Government and it has attempted to overcome this inadequacy "..... first by the formulation of an appropriate legal system, and secondly by the establishment of an appropriate implementing structure and procedures."¹⁷

The outcome of the above has been the creation of the Urban Development Authority, and statutory powers "..... for establishing the planning functions in Government and providing for the control and direction of development ; regulating building standards, land use, property management etc."¹⁸

These in turn, have resulted in the formulation of projects and programmes by the Urban Development Authority to promote and manage the development of urban areas in the country. Such projects and programmes thus reflect the underlying directions of policy. Accordingly, they deserve examination in order to make deductions of urban development policies in this country. Presently, they can be broadly categorised as follows :

- (i) Planning and development of Colombo, district capitals and other urban centres of Sri Lanka.
- (ii) Execution of industrial and integrated development projects.
- (iii) Formulation and execution of slum and shanty upgrading programme.
- (iv) Reclamation of marshes and the establishment of a new administrative centre.
- (v) Redevelopment of the Central areas of the Colombo city.
- (vi) Development of public amenities in urban areas.

In addition to the above, the Authority has adopted the following which also reflect policy directions :

- (16) Urban investments in the Colombo Metropolitan Region alone were estimated in the UN-assisted Colombo Master Plan Project Report (SRL/71/528, Volume 4, p. 63), as Rs. 1060 million per annum by both public and private sectors in the 1975—1977 period. The Author has estimated that it has increased to about Rs. 8000 million per annum in 1977—1981 period.
- (17) Urban Development Authority, a Publicity Brochure published by the Ministry of Local Government, Housing and Construction, Colombo, 1979, p. 1.
- (18) Ibid, p. 1.

- (a) Exercise of development control through land use and densities.
- (b) Establishment of a Land Bank to which all acquired land will be pooled and made available to developers on a long-term lease to carry out development in accordance with approved planning guidelines.
- (c) Establishment of a set of financial and tax incentives for developers who invest on approved urban development projects.

The effectiveness of these actions of the Urban Development Authority in becoming integral parts of the mainstream of national economic development policies can only be realised by the formulation of appropriate urban spatial strategies which can be instrumental in the accomplishment of economic development objectives. A range of such strategies have also been offered for consideration by the relevant agencies. However, these have not yet been formally included in any overall national development policies. Nevertheless, it is opportune that these proposed strategies are discussed in this Paper.

URBAN DEVELOPMENT AND NATIONAL SPATIAL STRATEGIES

As noted earlier, the importance of the urban sector in national economic development arises not from any political dogma, but from the rationale of the already mentioned reasons. In these circumstances the time is opportune to incorporate the urban component in national economic development strategies so as to enhance the capability of securing overall development objectives. For such purpose, the Author in 1972, proposed the adoption of a "Colombo-Trincomalee development axis" superimposed on an areal classification of 'development areas' and 'planning regions', for rationalising and promoting investments and also for the effective realisation of a population distribution policy (*vide* Map 1).¹⁹ In addition, it was designed to provide a basis for integrating agricultural settlements and their hinterlands within a structured urban hierarchy.

Then in 1978, a UN team of Consultants appointed to assist the Department of Town and Country Planning of the Ministry of Local Government in formulating a Master Plan for Colombo and its Metropolitan Region, also analysed the national situation, and proposed in their Report four alternative national spatial strategies.²⁰ Of these alternatives, they recommended the adoption of the "Concentration Strategy" (*vide* Map 2), on the basis that "...continued growth of the Colombo Metropolitan Region was inevitable, whatever the scale of planned urban development activity elsewhere in the island. Colombo, as the primate city, has comparative advantages in infrastructure, services, labour pool etc., over other centres. Therefore, development action in the Metropolitan area can itself make a significant contribution to the national development effort. Above all, it is necessary to recognise that the development problems of the country's biggest urban area will get worse without planned action...in addition this situation calls for concentrated effort to stimulate and encourage regional growth centres."²¹

The actual relevance of the above-mentioned spatial strategies is that they reflect the underlying economic perceptions of urban analysis in securing national development objectives. Such strategies not only offer the choice of a rational basis for alleviating regional economic imbalance within the country, but also permits the identification of specific urban locations which by inherent advantages can also indicate regional potentials, constraints, and other data, thereby enabling the qualitative improvement in sub-national and national development plans.

- (19) This proposal was contained in a Paper on "Regionalism in the Context of Development Planning—with reference to Sri Lanka," presented by the Author at the 28th Annual Session of the Sri Lanka Association for the Advancement of Science, (Section F), held in December 1972.
- (20) Colombo Master Plan Project Report SRL/71/528, Vol. 1, Dept. of Town and Country Planning and the United Nations Development Programme, April 1978, pps. 22—26.
- (21) *Ibid.*, p. 25.

The achievement of economic objectives through the instrument of spatial strategies is not confined only to the national level. It also has great relevance at the regional level, particularly within highly urbanized regions, such as the Colombo Region. At this level too, alternative spatial strategies need to be evaluated and a preferred choice selected in order to secure both economic and social objectives of development. Thus, the previously mentioned UN team of Consultants designed four alternative strategies for the Colombo Region.²² (*Vide* Map 3). They had evaluated the latter on the basis of certain criteria, including financial costs, and recommended a strategy which provided for ".....the continued development of the Colombo Urban Area together with the planned encouragement of a network of well distributed regional growth centres." (Strategy D in Map 3).

Thus, even within a region, economic and other perceptions underlie urban development analysis in arriving at a preferred choice of alternative strategies in achieving overall development objectives.

The matching of urban with economic analysis in designing such spatial strategies needs thereafter to be pursued with specific aspects that could translate them into action. In such connection, the resources component (including the capital market), emerge as a vital area of interest. Hence, the next section will discuss this aspect.

RESOURCES AND URBAN DEVELOPMENT

As previously discussed, there is presently a kind of environment conducive to perceive urban development in economic terms. This environment created through promotional urban development has thus encouraged the creation or expansion of several areas of urban economic activities. These being:

- (a) Specialised Industry (e.g. FTZ based export oriented industries and also high technology industries).
- (b) Real Estate.
- (c) Urban Services (e.g. Wholesale and retail trades, container warehousing, catering etc.)
- (d) Invisible Exports (e.g. Banking, Money-broking, Airline and Shipping Services, Professional Services, Tourism etc.)
- (e) Construction.
- (f) Transport, Communication and Utilities.

The development of the above will not only enable their own growth, but will also begin to have an increasing impact on national economic growth. In this context, they will help alleviate unemployment and also contribute to production and improvements in the balance of payments. Thus the shares of Trading, Construction, and "Invisible Exports" in the Gross National Product in the post-1977 period, have risen (*Vide* Tables 1, 2 and 3). To match the latter, an increasing number of jobs and company formations have been evident in the same period.²³

A factor which can significantly influence the fuller growth of these activities comprise the urban capital market. The latter has begun to slowly expand, both institutionally and also through savings mobilisation by way of deposits and of share issues. In the latter connection, the Sri Lankan public have been offered for purchase 62 million shares issued to the value of Rs. 622 million in the past eighteen months. The composition of business categories in these share issues have comprised 51% in Office development, 23% in Industry, 25% in Hotels and Tourist Services, and 1% in others. These are pre-dominantly urban based activities.

(22) Colombo Master Plan Project Report SRL/71/528, Vol. 4, April 1978 p. 15.

(23) A study by the Ministry of Plan Implementation on Job Vacancies advertised by the private sector indicated 9154 vacancies in 1977, 19469 in 1978, 34955 in 1979, and 23031 in the first half of 1980. The numbers of new companies registered were 319 in 1977, 624 in 1978, 796 in 1979, 966 in 1980, and 1030 in 1981.

It is reasonable to assume that nearly all advertised job vacancies and company formations would have arisen in the urban sector.

Further, the capacity of the urban economy to absorb larger shares of resources has also been evident. Thus, the Urban Development Authority itself has invested nearly Rs. 2.2 billion in the last three years.²⁴ However, the capital market is limited by the lack of the appropriate network of systems to facilitate its effective growth in a desired manner. Thus, an analysis of the Urban Investment System reveals that while promotional agencies and determined entrepreneurs exist, several elements required to actually realise the investments are yet in the developing stage.

The Author has designed an Urban Investment Model to comprehend this situation (*Vide* Figure 1). It suggests the existence of three inter-acting principal systems in the urban investment scenario, as follows:

- (a) Investment Promotion and Policy Administration System ;
- (b) Entrepreneur System ; and
- (c) Investment Services System.

The above in turn is composed of several sub-systems. Of the latter, it has been found that a large number are at an early stage of development or of maturity. One such important sub-system undeveloped is the Stock Exchange, and another yet developing is that of Development Banking. In this situation, it becomes difficult for the realisation of many urban investments. Accordingly, the full potential of urban development remains unattained and as a consequence the urban economy is unable to make its optimal contribution to national economic growth.

It is therefore timely to overcome these limitations and constraints if urban development is to be perceived in economic development terms. In this connection, it will be necessary to develop the full range of specialisations in urban development. For such purpose, Economists, Monetary Specialists and other relevant professionals need to work in close collaboration with Town Planners.

A BASIS FOR FUTURE DIRECTION OF URBAN DEVELOPMENT

The time is thus opportune for the correct perceptions of urban development to be recognised and studied. In this connection what is relevant to note is that Town Planners receive a training which equips them to work at both macro and micro levels. In the former they are able to advice on strategic decisions and in providing structural alternatives. In such a context, their role have much in common with perceptive analysis required in economic development planning. Accordingly, they become associated in such issues as production, resources, savings, inflation, money supply, legislation, Organisation, etc. In addition they possess the capability of guiding policy formulation and implementation through their knowledge of the planning process itself. All such efforts are translated by them to the spatial level through strategic plans.

At the micro level, Town Planners possess the capability of fashioning the actual formation of strategic decisions on the ground. It is at such level that they contribute to Urban Design, Land Use Zoning, and Layout Planning, depending on the specific assigned task. In addition they will also exercise development control as a component of actual implementation. In the latter they will be mostly engaged in enforcing legal provisions and standards through processing of Applications for building and other physical development.

Thus, the usefulness and relevance of Town Planning in the realisation of the full potential of urban development in the national economy is beyond debate. What is now required is a fuller comprehension of its specialised areas by other vital disciplines which are needed to sustain its potential—in a similar manner now being done by many engaged in fostering the full potential of 'rural development'.

(24) Reported in the Ceylon "Daily News" of 22nd February 1982.

Accordingly, Urban Finance comprise a vital area to be immediately refined through the specialisation of such professional disciplines as Banking, and Economics. The latter professionals will then be capable of co-operative action with Agencies such as the Urban Development Authority, the Colombo Municipal Council, and other urban institutions. Further, the economic base in the national planning process has to be widened to include a stronger analysis and perception of urban development as a contributor to economic growth. In this connection, the matching of corporate urban development plans with corporate financial plans need to be reflected in fiscal measures, including the Budget.

In addition, the physical and social dimensions need to simultaneously refine its own skills and specialisations, so that our Towns and cities can be built to the highest standards set in overall development objectives, including the acquisition of the ideals of aesthetic balance. Such an approach will require the training of new skills such as Urban Design, Traffic and Transportation Planning, and Urban Management, for which at present there are no Courses in Sri Lanka.²⁵ Hence it is timely that training in urban skills be assigned very high priority.

However, the specialisation of skills can produce the best only if explicit urban development policies prevail. The latter, in turn, requires very close linkages between Agencies to ensure co-ordination and consistency. Hence, the identification of the appropriate mechanism for effective policy formulation becomes vital in the future. Such a mechanism must possess adequate powers to influence strategic decisions at the highest level. It is then that the real complementarities of urban and rural sectors will emerge for mutual and national benefit.

CONCLUSIONS AND RECOMMENDATIONS

The conclusions arising from the discussion in this Paper comprise the following :

- (i) Although rates of urbanisation is low in Sri Lanka, the actual numbers of urban population living in urban areas are large enough to warrant attention of policy.
- (ii) Presently, there is no explicit urban development policy ; although several projects and programmes have been initiated which reflect certain directions of policy.
- (iii) The active promotion of projects and programmes have been accompanied by substantial capital outlays, resulting in urban development acquiring the kind of environment associated with economic development activities.
- (iv) Yet, the current perception of urban development is inadequately developed.
- (v) The specialisation of vital disciplines needed to support and sustain the full potential of urban development, is vastly lacking. In addition, the training courses of several such skills are not available in Sri Lanka.
- (vi) The scope of the urban capital market is particularly undeveloped to match the growing needs of an effective programme of urban development.
- (vii) Collaboration between Town Planners and other disciplines is vital for achievement of urban development objectives and for the realisation of urban-rural complementarities for mutual and national benefit.

(25) Presently, Sri Lanka's only Planning School at the University of Moratuwa conducts an M.Sc. (Town and Country Planning) Degree Course and a Post-Graduate Diploma Course in Urban Development.

The recommendations to be made are as follows :

- (i) It is recommended that an explicit urban development policy be formulated and incorporated in national economic development plans. In this connection, the mechanism for policy formulation should have adequate powers to influence strategic decisions at the highest level.
- (ii) It is recommended that a suitable urban strategy be adopted to provide a basis for directing investment, rationalising urban-rural linkages, and in offering a choice of population distribution.
- (iii) It is recommended that the fuller development of the urban capital market be immediately initiated ; especially that of the Stock Exchange.
- (iv) It is recommended that the various skills needed for supporting and sustaining the full potential of urban development be encouraged to develop. In this connection, training courses in such skills should be commenced in Sri Lanka and assigned high priority at this stage. The lack of trainers should be overcome by recruiting suitable persons from overseas.

TABLE 1
CONTRIBUTION OF TRADE SECTOR IN GROSS NATIONAL PRODUCT
(At Constant factor cost prices of 1970)

<i>Year</i>	1976	1977	1978	1979	1980	1981
Gross National Product (Rs. Mn.) ..	15258	15934	17329	18430	19456	20268
Wholesale and Retail Trade (Rs. Mn.) ..	2928	2999	3267	3551	3849	4034
Share of Trade in GNP (%) ..	19.2	18.8	18.9	19.3	19.8	19.9
Annual Growth Rate of GNP (%) ..	2.8	4.4	8.8	6.4	5.6	4.2
Annual Growth Rate of Trade (%) ..	1.5	2.4	8.9	8.7	8.4	4.8

TABLE 2
CONTRIBUTION OF CONSTRUCTION IN GROSS NATIONAL PRODUCT
(At Constant factor cost prices of 1970)

<i>Year</i>	1976	1977	1978	1979	1980	1981
Gross National Product (Rs. Mn.) ..	15258	15934	17329	18430	19456	20268
Construction (Rs. Mn.) ..	685	619	794	960	1066	1034
Share of Construction in GNP (%) ..	4.5	3.9	4.6	5.2	5.5	5.1
Annual Growth Rate of GNP (%) ..	2.8	4.4	8.8	6.4	5.6	4.2
Annual Growth Rate of Construction (%) ..	5.5	-9.6	28.3	20.9	11.0	-3.0

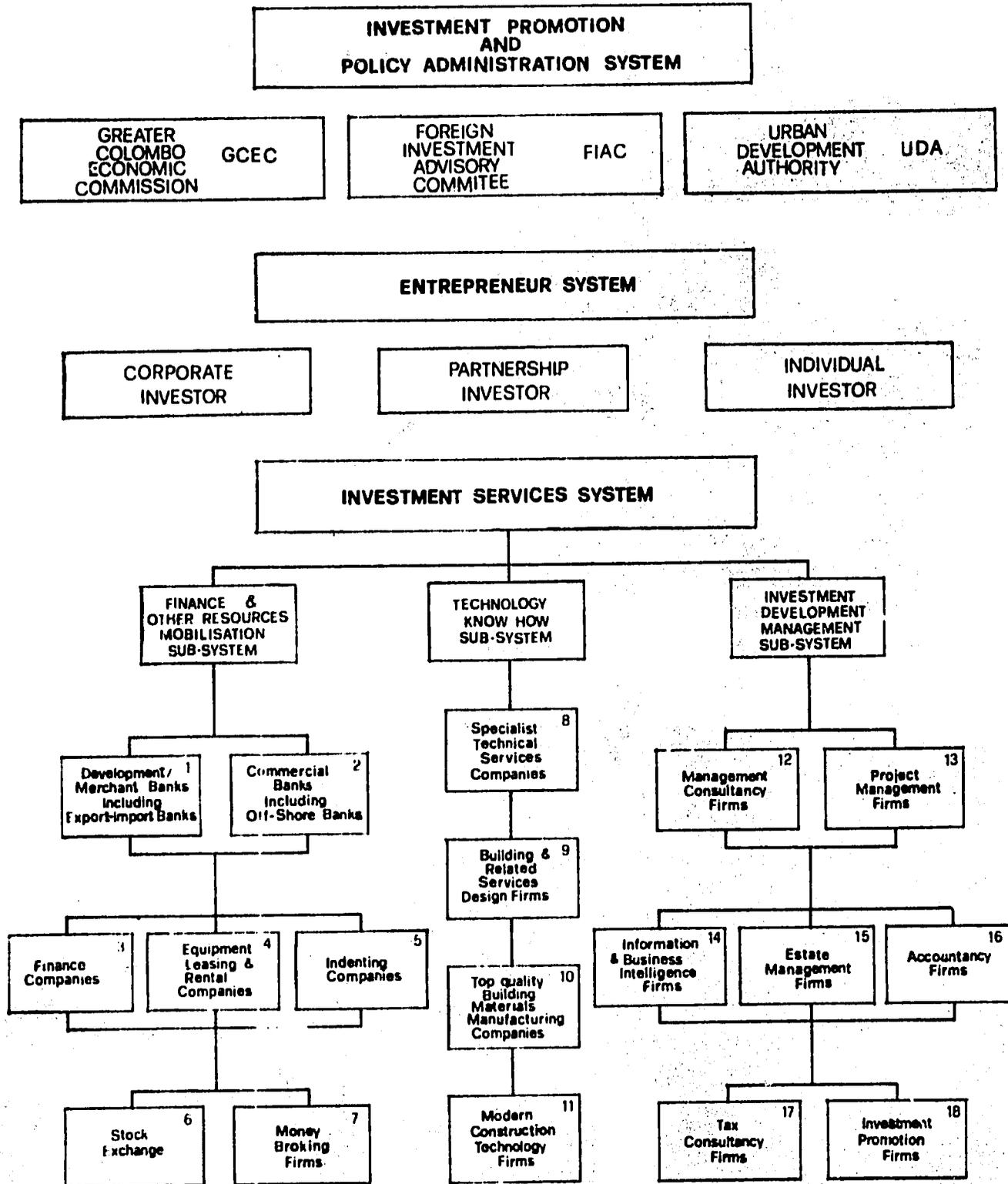
TABLE 3
CONTRIBUTION OF SELECTED "INVISIBLE EXPORTS" IN
GROSS NATIONAL PRODUCT
(At Constant factor cost prices of 1970)

<i>Year</i>	1976	1977	1978	1979	1980	1981
Gross National Product (Rs. Mn.) ..	15258	15934	17329	18430	19456	20268
Banking, Insurance, Real Estate, and Services (Rs. Mn.) ..	2208	2394	2530	2728	2974	3241
Share of Sector in GNP (%) ..	14.5	15.0	14.6	14.8	15.3	16.0
Annual Growth Rate of GNP (%) ..	2.8	4.4	8.8	6.4	5.6	4.2
Annual Growth Rate of Sector (%) ..	3.1	8.4	5.7	7.8	9.0	9.0

Source for all three Tables : Central Bank of Ceylon, Annual Report 1981, Table 3 in Statistical Appendix.

FIGURE 1

URBAN INVESTMENT MODEL

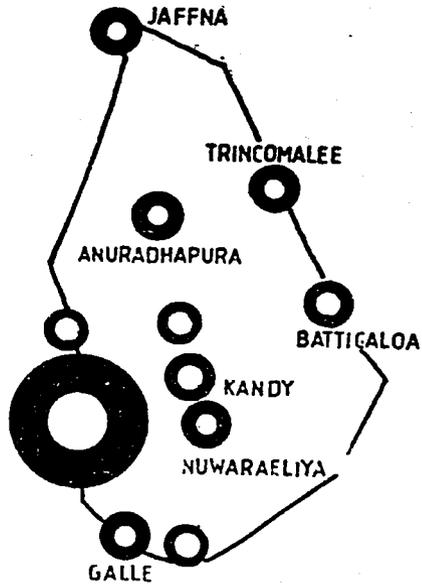


LEAST DEVELOPED ELEMENTS _____ 1,4,6,7,8,10,13,15,18
 DEVELOPING ELEMENTS _____ 11,12,14,17
 ADEQUATELY DEVELOPED ELEMENTS _____ 2,3,5,9,16

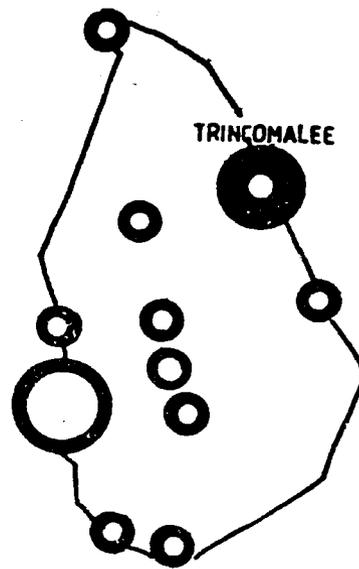
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NATIONAL STRATEGIES

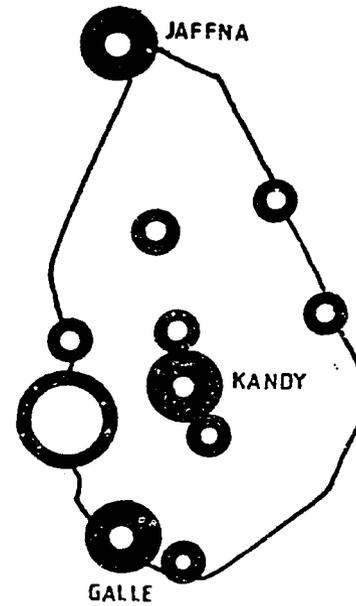
A - CONCENTRATION



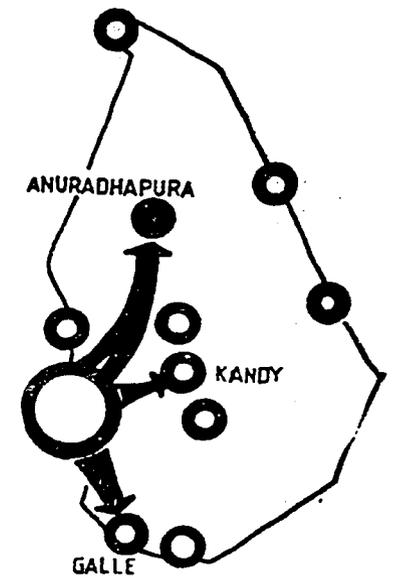
B - COUNTER MAGNET



C - REGIONAL CENTRES



D - GROWTH CORRIDORS



○ EXISTING TOWNS

● PROPOSED GROWTH

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PAPER SIX

THE BUSINESS PREMISES MARKET IN THE CITY OF COLOMBO AN ANALYSIS OF TRENDS

(This Paper has surveyed the response by entrepreneurs to the promotional urban development measures of the Government. In this connection it has specifically analysed the trends in the demand and supply of business premises in the country's commercial capital of Colombo City which has been the centre of most activity in the property market. Its findings have also enabled the determination of the nature of some phenomena and processes of urban development which have arisen out of the current policy measures being adopted by the Government).

BACKGROUND

The promotion of urban development in Sri Lanka became most active after September 1978 when the Government established the Urban Development Authority under the provisions of the Urban Development Authority Law No. 41 of 1978. The promotional efforts were complemented by massive outlays of public investments in urban areas, and the liberalisation of trade policies in respect of imports. They were further encouraged by the generous tax incentives that were subsequently introduced under the Inland Revenue (Amendment) Act of 1980, for those Companies engaged in approved property development.

In these circumstances, a rapid transformation of the physical fabric in the city of Colombo was evident. Construction activity was very visible and there appeared to be a positive response to the promotional urban development measures of the Government.

In this situation, the study of the behavioural pattern of the city's Business Premises Market has become relevant ; particularly to examine the nature and magnitude of the demand and supply of business floor space. In addition, such a study would also be useful in providing information on the phenomena and processes of urban development and in fashioning policy.

A situational analysis of the Business Premises Market in the city of Colombo was first carried out by the Author during May-June 1981.² This Paper represents the continuity of this effort, of a survey just completed in the current year (1982), during a similar two month period (April-May 1982).

PURPOSE AND SCOPE OF PAPER

As mentioned previously, a situational analysis of Colombo's Business Premises Market was carried out in May-June 1981. Such a study required further research to comprehend trends in this Market. Accordingly, the main purpose of this Paper has been to survey the conditions of the Business Premises Market one year after the previous study to ascertain and analyse its trends. It is also a purpose of this Paper, through such continuous research, to contribute to the overall fund of knowledge of the urban development process in Sri Lanka.

As in the previous study, this Paper too has confined its study to Business Premises only and does not encompass the entire property market. Its coverage comprises Office, Commercial, Stores and other Unspecified types of business premises in the city of Colombo.

- (1) The Government has selected three "lead projects" for concentrating public investment and achievement of its development objectives. These comprise the "Free Trade Zone", Urban Renewal and Housing", and the "Accelerated Mahaweli Development Programme". A large urban share is reflected in all three lead projects. The public investment in the "Urban Renewal and Housing" project alone is given in Appendix I.
- (2) The Business Premises Market in the city of Colombo—A Situational Analysis, Mendis M. W. J. G., in *Economic Review*, Vol. 7 Nos. 3/4, Colombo, June/July 1981, pps. 22—25.

It has examined the demand and supply of floor space of the above mentioned categories of premises. However, it has not included a corresponding examination of their rentals and investments ; except to briefly make reference to rental and land values in terms of their impact on the business premises market.

METHODOLOGY OF STUDY

As in the previous year (1981), the methodology employed in the current study has been to examine the public advertisements appearing in the daily Newspapers under "Wanted" and "Available" captions in the "Real Estate", "Business Premises" and other Columns.

The Newspapers chosen for this study have been the "Daily News", "Sun", "Island", "Sunday Observer", "Weekend" and the "Sunday Times". These lead the circulation figures among the English language newspapers. In this connection, the "Island" and the "Sunday Times" represent additional newspapers in the current study vis-a-vis that in 1981. The latter has not however made any significant difference between the years, as the predominant insertions of advertisements have been in the "Daily News" and in the "Sunday Observer".

As noted earlier the period of this study has been two months, and it has surveyed the advertisements appearing in the earlier mentioned Newspapers in the months of April and May 1982, comprising a total of 61 days.

The following factors have been taken into account in this study :

- (i) repetitive advertisements have been identified and avoided being used again.
- (ii) where multiple uses were offered for the same premises then only the first mentioned use was considered in computing floor space.
- (iii) where Houses were advertised as suitable for Business Premises, then floor area, (when not indicated), was computed through estimations based on either the stated number of rooms or the description given (e.g. Annex).
- (iv) where multiple postal zones in the city have been requested by an Advertiser, only the first mentioned zone has been considered.
- (v) where premises have been offered for Business with no category mentioned, they have been classified under "Unspecified" in the study.

There are inherent limitations in the methodology chosen for this study. Thus, it deals only with the demand and supply of business premises as known through public advertisements placed in the relevant columns of the daily newspapers. This excludes the floor space also marketed through other methods by "property brokers", or "estate agents". Further the study has surveyed only the English newspapers whose daily circulation figures are far less than those of other languages which also carry advertisements regarding business premises. In addition, it is not possible under this method to examine whether the "available" premises have been actually taken by those seeking, or they continued to remain vacant being either unsuitable, unaffordable, or even surplus. It also does not distinguish between newly constructed spaces and vacant spaces available through continuous turnover of occupied premises.

Yet, despite the above mentioned limitations, the methodology is considered sufficiently adequate for monitoring and evaluating responses to promotional urban development measures.

OVERALL ANALYSIS OF FLOOR SPACE BY CATEGORY OF BUSINESS USE

The overall situation for floor space "wanted" and "available" by category of business use is given in Table I. It indicates the availability of a very large floor space of business premises in the

city of Colombo. Of more than $\frac{1}{2}$ million square feet of total floor space available, about $\frac{1}{3}$ million comprised Office space. Table 1 also indicates that there is an excess of "available" over "wanted" in each category of business use. It further shows that developers have invested more in Office space than in Commercial, Stores, or any other category.

In comparison to the corresponding situation in 1981, it is evident that in 1982 the overall scale of both demand and supply as measured through "wanted" and "available" advertisements have increased between the years. By category of use, less Office space has been made available in 1982, while there has been a marked increase in both "wanted" and "available" Commercial floor space. The situation in respect to the Stores category also records increases in 1982, although less significant than that of Commercial floor space.

The "wanted" and "available" floor space by the separate months of April and May 1982, indicates increases between them in Office and Commercial categories (*Vide* Table 2). However, in a comparison with the corresponding monthly figures for June 1981, there is a decline in the "availability" of Office space and a remarkable increase in the "availability" of Commercial floor space in the months surveyed in 1982.

The rate of availability of floor space computed per day, shows hardly any difference between the years 1981 and 1982 for Office space, but there are major increases in the corresponding rates for Commercial and Stores categories. (*Vide* Table 2).

LOCATIONAL ANALYSIS OF "WANTED" AND "AVAILABLE" FLOOR SPACE BY CATEGORY OF BUSINESS PREMISES

The locational distribution of business floor space "wanted" and "available" by postal Zones is given in Table 3. It shows that, with the exception of Colombo 4, (Bambalapitiya), all Zones have more business premises available than wanted. This appears to be a continuing trend of the situation in 1981 wherein all zones with no exception, had surplus business premises.³

It is also interesting to note that while in 1981, there was only a negligible volume of business premises advertised in Colombo 1 (FORT) the situation in 1982 was a massive increase of both "wanted" and "available" floor spaces in that zone.

In addition Table 3 shows that in 1982 there were only 5 postal zones (Colombo 8, 9, 10, 12 and 13) wherein floor space was not advertised as "wanted", and only one postal zone (Colombo 15) wherein no advertisement appeared under "available". On the other hand, in 1981 there were 10 postal zones (Colombo 6, 7, 8, 9, 10, 11, 12, 13, 14 and 15) wherein no advertisements appeared under "wanted" and 2 postal zones (Colombo 9 and 12) wherein none appeared under "available". Accordingly, it can be deduced that there is a growing horizontal spread of business premises across the postal zones in the city of Colombo.

The availability of Office premises in 1982 indicates a concentration of about 70% of it, in the postal zones of Colombo 1, 2, 3 and 7; with the largest share (30.2%) available in Colombo 3. In 1981, the postal zones which had the greater share of available Office premises, were Colombo 2, 3, 7 and 10. Hence it is evident that there is a trend for the concentration of new Office premises in Colombo 2, 3 and 7. In this connection Colombo 3 emerges as a very popular postal zone in both years. Further the traditional Office zone of Colombo 1 (FORT), has much more Office space available in 1982 as compared to 1981, perhaps due to the completion of some new Office blocks.

The "wanted" position of Office premises in 1982 indicates a concentration (60%) of demand in the postal Zones of Colombo 1, 2 and 3; with the largest share (33.3%) in Colombo 2. The corres-

(3) *Vid.* Appendix Two for Zonal distribution of business premises in 1981.

pending situation in 1981 was a concentration of demand in Colombo 2 and 3. Accordingly, the trend in the demand for office premises seem to suggest the expansion of the core of the Office zone, from the traditional FORT area, to now include Colombo 2 and 3.

In overall terms, in 1981 and also now in 1982, there is an outward spread of "available" office premises in all directions from Fort and only a southward expansion from Fort of "wanted" spaces.

The availability of Commercial premises in 1982 indicates a concentration of about 73% in the postal zones of Colombo 10, 11, 3 and 5 ; with the largest share of it (32.5%) available in Colombo 10. The situation in 1981 was the concentration of the availability of commercial premises in the postal zones of Colombo 10, 11, 2 and 4, with the largest share (42.5%) available in Colombo 2. Hence the commercial floor spaces although yet continuing to be available in the traditional zones of Colombo 11 and 3, is now showing signs of also concentrating in Colombo 10.

The "wanted" position of Commercial floor space in 1982 reflects a demand in the postal zones of Colombo 2, 3, 4 and 6 ; with the largest share (53%) in Colombo 3. The situation in 1981 was similar with a very large demand for space in Colombo 2, and 3. Thus, considering both demand and supply, Colombo 3 appears to be emerging as a very popular Commercial sector.

The availability of Stores space in 1982 shows a concentration of supply in the postal zones of Colombo 13, 14 and 2 ; with the largest share (40.7%) in Colombo 2. The situation in 1981 was a concentration of available Stores space in Colombo 14, 15 and 5. Hence the trend in the supply of Stores space is a continuity in the traditional zones of Colombo 13, 14 and 5.

In terms of demand for Stores space in 1982, the popular zones are also those of Colombo 14 and 15. Accordingly, the periphery of the northern part of the city continues to serve as the Stores sector.

Map 1 indicates the current zonal distribution of business premises concentrations.

ANALYSIS OF OFFICE FLOOR SPACE "WANTED" AND "AVAILABLE" BY MODULAR SIZES

A direct outcome of the kind of economic environment created by the overall package of policies of the Government has been a substantial increase in the formation of new businesses. Thus, the Registrar of Companies has reported that 319 new Companies were registered in 1977, 624 in 1978, 796 in 1979, 966 in 1980, 1030 in 1981, and 482 upto end of May 1982.⁴ Accordingly, a total of 4217 new companies have been registered since 1977. It is probable that a very large share of these new businesses are Colombo based. It is also significant to note that the Deputy Minister of Finance indicated at the recently held Third International Conference of the Commonwealth Association of Tax Administrators on the subject of "Tax Treatment of Small Businesses and Professionals", that according to income tax declarations, small businesses in Sri Lanka accounted for only 10% of the total tax recovery, of this, 70% deriving incomes of less than Rs. 30,000 a year⁵. Hence it is evident that many Sri Lankan businesses are yet small ventures with incomes below taxable limits and that even a majority of those within being also small with marginal profits as returns.

In the above circumstances, the floor area of Office premises required by a larger number of businesses is bound to be of small and medium sizes. Such a situation was reflected in the 1981 study and is re-confirmed in the current survey (*vide* Table 4). Thus, for both "wanted" and "available", the most popular floor space modules comprised the (2001 to 5000) ft.² and (1001 to 2000) ft.² size ranges.

(4) As reported in the "Island" Newspaper of 12th June 1982.

(5) The Conference was held in Colombo in May 1981.

ANALYSIS OF HOUSES OFFERED AS BUSINESS PREMISES

The use of residential premises for business purposes has not been a recent phenomenon in Colombo. This practice has been growing with the years. Thus, the 1981 study revealed that 32 houses were advertised in 62 days as available for use as business premises ; representing one house offered in every two days. The current survey reveals an increasing trend. Accordingly, during this study period of 61 days, 50 houses were offered for use as business premises ; representing a conversion rate of one house in every 1.2 days. In this connection it is worth noting that such conversions were offered in public advertisements in the months of April and May 1982, *after* Notices from the Urban Development Authority were published in the Newspapers in February and in May 1982 cautioning against conversions of building uses without prior permission of the Authority.⁶

The current survey indicates that the residential floor space advertised as "wanted" and "available" for business premises comprised the following shares of the Total and of Office premises.

- (a) Residential premises "available" for conversion comprise 90,100 ft.² ; representing 16.5% of the total floor area available as Business premises, and 29.4% of the floor area of Office Premises available.
- (b) "Wanted" residential premises for conversion comprise 36,000 ft.² ; representing 26.8% of the total floor area of wanted Business Premises and 54.1% of the floor area of Office Premises wanted.

The above indicates that substantial conversions of residential premises to business premises are continuing. This situation reflects a popularity in both demand and supply of houses for business purposes.

The popularity in demand for houses may be due to the following reasons :—

- (i) lower rental vis-a-vis strictly Office or Commercial premises ;
- (ii) privacy and security ;
- (iii) possibilities of combining business with residence ;
- (iv) self-contained premises ;
- (v) desirable size of module in floor area.

The popularity in supply may be due to the following reasons :—

- (i) higher rentals to owners, vis-a-vis residential rentals ;
- (ii) better maintenance of premises ;
- (iii) better assurance of turn-over of tenancy.

These characteristics are typical in an early stage of urban development activity. During this time they comprise a major reason for the horizontal spread of business premises in all parts of the city. In such connections it is noteworthy that apart from the ill effects on environmental quality and infrastructure facilities in those areas, these residential conversions also contribute towards aggravating the existing housing shortage in the city.

(6) Notices dated 25th February 1982 and 25th May 1982 were published in the newspapers in the final week of the months of February and May respectively.

IMPACT OF TRENDS IN LAND AND RENTAL VALUES ON THE BUSINESS PREMISES MARKET

The business premises market is strongly influenced in many ways by the prevalent land and rental values. Although, as mentioned earlier, these do not directly fall within the scope of this paper, a brief reference to it will be relevant to supplement its principal issues. Thus, an upward change in land and rental values was noted in Colombo City between the pre-1978 and 1979 period, (*vide* Table 5). As the latter shows, these have again changed between 1979 and 1982. Such trends indicate that in the years immediately after the introduction of promotional urban development measures, there may have been a massive influx of interest in the urban property market, resulting in a rise in land values generally and more specially in the popular areas. As a consequence, real values were increased by speculation and also by inflation.

In 1981, the speculative segment of land values declined and prices began to stabilise at levels lower than those that prevailed previously. In 1982, a further, but much smaller decline in the speculative segment continued in some areas of the city.

This situation suggests a depression in the pace of new investments in the urban property market, conditioned by the not so happy experiences of the early investors in it. The latter is reflected in the previous sections of this paper which showed a surplus of business premises in the city. In addition the corresponding increases in the prices of building materials and high interest rates demanded by financing institutions have also acted in depressing the activity in the city's property market.

Rental values have similarly declined as shown in Table 5. Thus affordable or acceptable rentals appear to be far below expected or economic rentals, particularly in the newly finished buildings. In addition, buildings under construction which have sought pre-sales of its floor space to mobilise capital, have been compelled to repeatedly advertise seeking customers ; that too without much success. The consequence has been the non occupation of many of the new buildings and the slow rate of construction of those already under construction⁷. The only exception to the latter being Star Class Hotels which have not been considered as "business premises" in this Paper. The overall situation is thus a surplus in floor space available as already indicated in the previous section of this Paper.

These characteristics are also typical in the first stage of the process of urban development. However, unfortunately, they have not been recognised and during this time the various factors which are needed to support, regulate, and guide the early investors have not been provided⁸. Further, as noted earlier, the city economy too consists primarily of small businesses in this first stage, who require floor space modules of small sizes, which have not been provided for in many of the available buildings. Such a situation needs to be rectified and action taken to stimulate the right conditions for the second stage which could become the real starting point of the productive phase of the urban sector in macro-economic terms.

POLICY IMPLICATIONS OF THE TRENDS IN THE BUSINESS PREMISES MARKET

The analysis of overall trends in the demand and supply of business premises in the city of Colombo indicates an upward movement of both aspects. Hence the impact of promotional urban development measures is being sustained in the property market, over the past four years.

In the above connection it is nevertheless noteworthy that due to the reasons discussed in the preceding and other sections there is yet a large "surplus" of all categories of business premises. The latter, not only indicates a waste of resources but will also result in longer periods of recovery of investment. Hence the property market needs closer policy attention to bring about a more desirable balance in market conditions.

(7) The WEEKEND Newspaper of 25th July 1982 wrote in its front page headline that "Building Investors face Bankruptcy—no takers for white elephants", reflecting the situation in the business premises market.

(8) The author has separately written on the "Investment Services Support System" in his paper on "Urban Development in Sri Lanka" presented at the Central Bank Training Seminar held from 7-19 June 1982.

In terms of Office Space, the re-entry of available spaces in the Fort area after a period of 'saturation' in 1981, indicates the emergence of additional floor-area through new and redeveloped modern Office premises. Such a situation augurs well for policy in that it acts as a catalyst towards higher qualitative standards in the city's Office premises. It is the latter that would trigger the attractiveness of the city economy for higher income generating businesses. Nevertheless for the present, it is still important that policy measures be directed to encourage and protect small businesses seeking small and medium sized floor space modules for their use.

The continuing trend of the radial spread of Office premises in all directions from Fort suggests the need for fashioning an "Office Location" policy similar to those practised in many other countries.

The vast increase of Commercial floor space indicates the close linkages which exist between the liberal economic policies and the urban property market in complementing the growth of the "Trading" sector. In this connection, the low quantities of commercial floor space that prevailed in 1981 may even have resulted in the prevention of the growth of this sector. This situation seem to have now been remedied and the trends are therefore more encouraging.

The stores space sector needs careful attention of policy, not only in terms of demand and supply, but also in terms of the changing nature of storage.

The continuing trend in the conversion of houses to business premises needs urgent attention of urban development policy. In this connection, it must pay regard to the market conditions and ensure that small businesses do not suffer as a consequence of any immediate measures to stem the rate of conversion perhaps initially, the 'richer businesses' could be persuaded to vacate residence which they may be occupying and the others given a time period to progressively shift to Office Premises. On the other hand residential areas which are now pre-dominantly converted may even be re-zoned and allowed to develop as an 'Office Zone'.

CONCLUSIONS

The conclusions arrived at from this study are as follows :—

- (i) The business premises market is continuing its response to urban development measures, four years after the initiation of the promotional aspects of such measures.
- (ii) There is an upward trend in the magnitude of total business floor space "wanted" and "available" in the city.
- (iii) There is presently a surplus of floor area in all categories of business premises, as measured by, "wanted" and "available" advertisements published during the study period.
- (iv) While Office space available has shown a declining trend between 1981 and 1982, a massive increase has occurred in the Commercial and Stores space available in the city during the same period.
- (v) The 'core' of the Office premises sector now appears to be expanding and encompassing the postal zones of Colombo 1, 2 and 3.
- (vi) The postal zones of Colombo 2, 3 and 11 are emerging as the key Commercial areas of the city.

- (vii) In analysing the overall trends, the postal zone of Colombo 3 is emerging as the most popular zone for Office and also Commercial premises in the city. Accordingly, it is an area undergoing the most rapid transformation of its physical fabric.
- (viii) The peripheral postal zones of Colombo 13, 14 and 15 in the northern part of the city continue to serve as the pre-dominant Stores space sector.
- (ix) There is an increasing trend in the utilisation of houses for business purposes.
- (x) The prevailing conditions in the business premises market indicates the kind of typical phenomena associated with the early stages of the Urban Development Process.

RECOMMENDATIONS

The recommendations for action comprise the following :—

- (1) The trend in the continuity of both availability and demand in business premises in increasing quantities, suggests the prevalence of the capacity for its expansion in the city economy. Hence it is recommended that promotional measures be continued but a close monitoring of the demand and supply of the different categories of business premises be carried out to ascertain in advance the changing nature and saturation levels, to avoid waste of resources and mis-allocation of infra-structure.
- (2) The increase in the supply of houses for use as business premises suggests an aggravation of the already existing housing shortage in the city, and the emergence of environmental and infra-structure problems in its residential areas. However this phenomenon is regarded as being inevitable in the early stages of promotional urban development. Accordingly it is recommended that the following measures be taken :—
 - (a) re-zone those residential areas wherein large numbers of houses have already been converted and are now pre-dominantly non-residential in character.
 - (b) a time limit be given to the business premises in predominantly residential areas to progressively vacate the houses, with initial steps being initiated on State Agencies Foreign Business Houses ; Joint Venture Companies, and Businesses with large financial turnover.
- (3) The continuing trend in the demand for a greater share of business premises in small modular sizes re-inforce the suitability of encouraging the supply of such spaces. It is therefore recommended that current incentives for 'property development' be granted in a graded manner, with a bias in favour of those which supply small modules of business premises.
- (4) It is recommended that appropriate measures needed for supporting, regulating, and guiding the early investors and also those who are prospective, be immediately identified and action taken to provide same in policy.
- (5) In view of the trend towards the scattering of business premises in all parts of the city, it is recommended that, 'planning guidelines' and 'Development control measures', be refined to match this situation and avoid haphazard development.

TABLE 1
BUSINESS FLOOR SPACE "WANTED" AND "AVAILABLE", 1981 AND 1982.
CITY OF COLOMBO

<i>CATEGORY</i>	1982 (01 April to 31 May 1982)			1981 (12 May to 12 July 1981)		
	<i>Wanted</i>	<i>Available</i>	<i>Remarks</i>	<i>Wanted</i>	<i>Available</i>	<i>Remarks</i>
Office (ft ²)	66500	306073	Avail = 5×wanted	59950	353441	Avail = 6×wanted
Commercial (ft ²) excludes Hotels, but includes Res- taurants)	31050	66053	Avail = 2×wanted	14400	12250	Avail = 0.8×wanted
Stores (ft ²)	35500	145285	Avail = 4×wanted	5000	84510	Avail = 17×wanted
Unspecified (ft ²) .. .	1500	29200	=	—	—	=
All Categories (ft ²) .	134550	546611	=	79350	450201	=

TABLE 2
BUSINESS FLOOR SPACE "WANTED" AND "AVAILABLE" BY MONTH, 1981 AND 1982
CITY OF COLOMBO

<i>CATEGORY</i>	1982				1981	
	<i>April (1st to 30th)</i>		<i>May (1st to 31st)</i>		<i>June (1st to 30th)</i>	
	<i>Wanted</i>	<i>Available</i>	<i>Wanted</i>	<i>Available</i>	<i>Wanted</i>	<i>Available</i>
Office (ft ²)	19200	138500 (4617)	47300	167573 (5406)	18950	171956 (5731)
Commercial (ft ²) .. .	15550	22050 (735)	15500	44003 (1419)	6300	2200 (73)
Stores (ft ²)	13500	77960 (2599)	22000	67325 (2172)	1000	53110 (1770)

Note : Figures in brackets represent floor space availability averaged per day.

TABLE 3
LOCATION OF BUSINESS FLOOR SPACE "WANTED" AND "AVAILABLE" BY CITY POSTAL ZONES
01 APRIL 1982 - 31 MAY 1912

Colombo Postal Zones	Office (ft ²)				Commercial (ft ²)				Stores (ft ²)				Unspecified (ft ²)				All Categories (ft ²)			
	Wanted	%	Available	%	Wanted	%	Available	%	Wanted	%	Available	%	Wanted	%	Available	%	Wanted	%	Available	%
1	12000	18.0	57000	18.6	NIL	0	NIL	0	NIL	0	NIL	0	NIL	0	NIL	0	12000	8.9	57000	10.5
2	25500	38.3	38123	12.5	3000	9.7	NIL	0	NIL	0	59125	40.7	NIL	0	4000	13.7	28500	21.2	101248	18.5
3	8200	12.3	92500	30.2	16500	53.1	6560	9.9	NIL	0	NIL	0	NIL	0	4000	13.7	24700	18.4	103060	18.9
4	2500	3.8	1000	0.4	4000	12.9	2000	3.0	NIL	0	NIL	0	NIL	0	NIL	0	6500	4.8	3000	0.3
5	2000	3.0	14300	4.7	NIL	0	6000	9.0	NIL	0	NIL	0	1500	100	4000	13.7	3500	2.6	24300	4.5
6	NIL	0	28150	9.2	3550	11.4	4550	6.9	NIL	0	NIL	0	NIL	0	5400	18.5	3550	2.6	38100	7.0
7	800	1.3	30450	9.9	2500	8.0	800	1.4	NIL	0	NIL	0	NIL	0	NIL	0	3300	2.5	31250	5.8
8	NIL	0	4300	1.4	NIL	0	5500	8.3	NIL	0	NIL	0	NIL	0	NIL	0	NIL	0	9800	1.8
9	NIL	0	7000	2.3	NIL	0	5000	7.6	NIL	0	NIL	0	NIL	0	NIL	0	NIL	0	12000	2.2
10	NIL	0	12600	4.1	NIL	0	21475	32.5	NIL	0	2500	1.7	NIL	0	600	2.1	NIL	0	37175	6.8
11	NIL	0	3700	1.2	1000	3.3	14168	21.4	NIL	0	1500	1.0	NIL	0	NIL	0	1000	0.7	19368	3.6
12	NIL	0	300	0.1	NIL	0	NIL	0	NIL	0	NIL	0	NIL	0	2700	9.2	NIL	0	3000	0.3
13	NIL	0	NIL	0	NIL	0	NIL	0	NIL	0	31460	21.7	NIL	0	2500	8.6	NIL	0	33960	6.3
14	NIL	0	12000	3.9	NIL	0	NIL	0	2000	5.6	30700	21.1	NIL	0	6000	20.5	2000	1.5	48700	8.9
15	NIL	0	NIL	0	NIL	0	NIL	0	5000	14.1	NIL	0	NIL	0	NIL	0	5000	3.7	NIL	0
Unspecified	15500	23.3	4650	1.5	500	1.6	NIL	0	28500	80.3	20000	13.8	NIL	0	NIL	0	44500	33.1	24650	4.6
TOTAL	66500	100	306073	100	31050	100	66053	100	35500	100	145285	100	1500	100	29200	100	134550	100	546611	100

TABLE 4

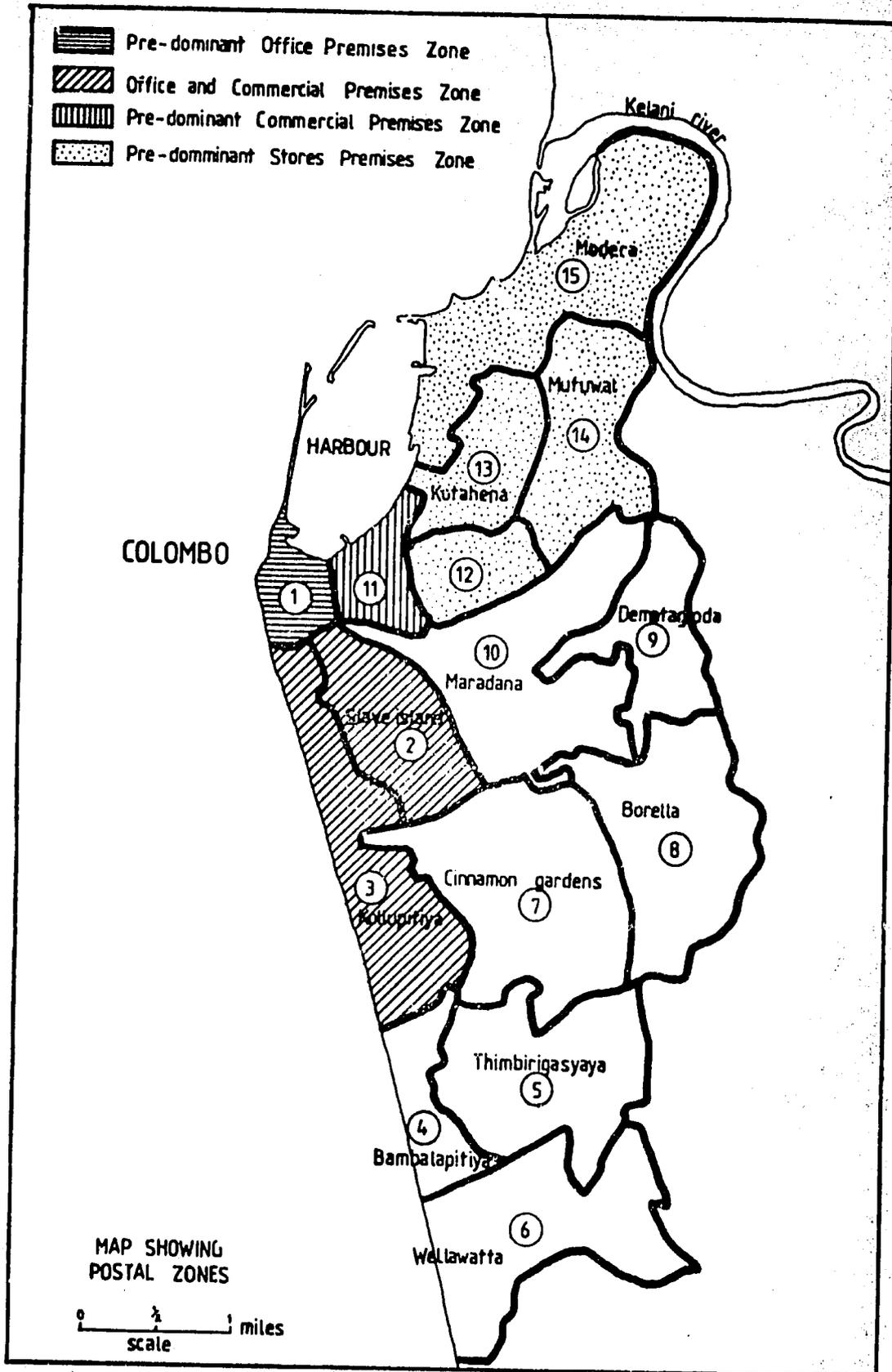
OFFICE SPACE "AVAILABLE" AND "WANTED" BY MODULAR
SIZES, 1981 AND 1982—CITY OF COLOMBO

<i>Modular Size (ft. ²)</i>	<i>Number of Advertisements</i>			
	1982		1981	
	<i>Wanted</i>	<i>Available</i>	<i>Wanted</i>	<i>Available</i>
1 — 500	Nil	7	4	11
501 — 1,000	4	8	3	11
1001 — 2,000	5	24	4	22
2001 — 5,000	8	25	7	29
5001 — 10,000	2	15	1	17
10,000+	1	4	1	3

TABLE 5
CHANGES IN LAND AND RENTAL VALUES, COLOMBO CITY

POSTAL ZONE	ESTIMATED PEAK LAND VALUES Rs. '000 per perch			RENTAL VALUES (Average across all zones in the City)										
	Pre 1978	1979	Mid 1982	Office (per ft. ²)			Houses (per month)			Commercial (per ft. ²)				
				Pre 1978	1979	1982	Pre 1978	1979	1982	Pre 1978	1979	1982		
1	20	150	125											
2	8	50	40											
3	10	80	60											
4	6	40	30											
5	4	40	30											
6	4	20	25											
7	10	80	60	Rs. 0.50	Rs. 10	Rs. 6	Rs. 500	Rs. 5000	Rs. 2000	Rs. 2.00	Rs. 10	Rs. 5		
8	5	25	25	to	to	to	to	to	to	to	to	to		
9	4	10	10	Rs. 2.00	Rs. 40	Rs. 20	Rs. 2000	Rs. 25000	Rs. 15000	Rs. 2.00	Rs. 15	Rs. 10		
10	5	15	12											
11	20	150	100											
12	20	125	80											
13	10	40	25											
14	5	25	20											
15	5	15	10											

Sources : Central Bank Survey, Newspaper Advertisements, and Author's own knowledge.



ZONAL DISTRIBUTION OF BUSINESS PREMISES CONCENTRATIONS
CITY OF COLOMBO APRIL / MAY 1982

89

ALLOCATION OF PUBLIC INVESTMENT FOR "URBAN RENEWAL AND HOUSING"

<i>Period :</i>	1978	1979—1983 <i>Programme</i>	1980—1984 <i>Programme</i>	1981—1985 <i>Programme</i>	1982—1986 <i>Programme</i>
Gross Public Investment (Rs. Million)	7127	45801	67341	89579	115295
Public Investment in "Urban Renewal and Housing" (Rs. Million) .	712	4005	6962	5321	5625
%Share of Public Investment in "Urban Renewal and Housing" ..	10%	8.7%	10.3%	5.9%	4.9%

Sources: Public Investment 1979-82 (p. 83) ; 1980—84 (p. 86) ; 1981—85 (p. 100) ; 1982—86 (p. 131) ; Ministry of Finance and Planning, Colombo.

Note : Housing component include rural housing.

APPENDIX II

ZONAL DISTRIBUTION OF BUSINESS PREMISES IN THE CITY OF COLOMBO

(Re-produced from the "Economic Review" Volume 7 Nos. 3 & 4, June/July 1981, page 23).

Colombo Postal Zone	OFFICE				COMMERCIAL				STORES			
	Available Sq. ft.	%	Wanted Sq. ft.	%	Available Sq. ft.	%	Wanted Sq. ft.	%	Available Sq. ft.	%	Wanted Sq. ft.	%
1	4225	1.9	1300	2.13	Nil	0	Nil	0	Nil	0	Nil	0
2	76900	21.80	11250	18.70	5200	42.45	8000	55.60	4000	4.70	Nil	0
3	61416	17.30	11500	19.20	100	0.86	6300	43.70	Nil	0	Nil	0
4	20400	5.76	Nil	0	1800	14.70	100	0.70	2600	3.08	Nil	0
5	12750	3.61	400	0.67	Nil	0	Nil	0	27500	32.40	Nil	0
6	8800	2.49	Nil	0	Nil	0	Nil	0	Nil	0	Nil	0
7	27200	7.70	Nil	0	Nil	0	Nil	0	Nil	0	Nil	0
8	17400	4.90	Nil	0	Nil	0	Nil	0	Nil	0	Nil	0
9	Nil	0.00	Nil	0	Nil	0	Nil	0	Nil	0	Nil	0
10	65500	18.60	Nil	0	850	6.94	Nil	0	Nil	0	Nil	0
11	11200	3.17	Nil	0	2000	16.30	Nil	0	400	0.42	Nil	0
12	Nil	0.00	Nil	0	Nil	0	Nil	0	Nil	0	Nil	0
13	19500	5.51	Nil	0	Nil	0	Nil	0	Nil	0	Nil	0
14	14200	4.02	Nil	0	Nil	0	Nil	0	27500	32.40	Nil	0
15	10950	3.10	Nil	0	Nil	0	Nil	0	11650	13.60	Nil	0
Unspecified	3000	0.85	35500	59.30	2300	18.75	Nil	0	11360	13.40	5000	100.0
Total	353441	100%	59950	100%	12250	100%	14400	100%	84510	100%	5000	100%

Source : Ceylon Daily News, Sun, Weekend and Sunday Observer. 12th May—12th July 1981.

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2. "Tax Treatment of Small Business and Professionals"—Papers of the Third International Conference of the Commonwealth Association of Tax Administrators, Colombo, May, 1981.
3. The Urban Development Authority Law No. 41 of 1978, Government of Sri Lanka, Colombo September, 1978.
4. Inland Revenue (Amendment) Act No. 24 of 1980, Government of Sri Lanka, Colombo, 1980.

PAPER SEVEN

URBAN FINANCE IN COLOMBO, SRI LANKA

(This paper has surveyed the financial resources of the Colombo Municipal Council, and discusses how the Council has attempted to find the funds required to match the pressures of a rapidly transforming physical and economic fabric in recent times.)

THE PROBLEM AND ITS CAUSES

Colombo is the primate City of Sri Lanka and also its commercial centre. Presently, it has a resident population of about 588,000 persons in 14.4 square miles. It is surrounded by an immediate urban area of 1.5 million persons and a larger metropolitan region having an urban population of over 3 million persons. Consequently a daily "floating population" of about 350,000 persons enter Colombo, making it a one million-size City on any working day.

This accumulation of people has been accompanied in the past five years by a four-fold increase in the City's vehicular traffic and also by a dramatic transformation of its physical and economic fabric into a vast array of modern high-rise buildings and new business activities. In addition, since it houses the country's major Port, Colombo has also borne the full impact of the establishment of an Industrial Free Trade Zone to the north of it and the building of a new Parliamentary-cum-Administrative capital to its east.

This situation has not only led to greater pressures on municipal services, but also a concurrent demand for higher levels of such services. However, some of the existing facilities which provide strategic services such as water supply, fire fighting and garbage disposal, have become obsolete in the new context. Further, the costs of providing municipal services have risen and finding funds for modernisation has also become difficult owing to the prevalence of a large share of non-paying users, consisting of the City's poor and its massive "floating population".

Such causes have resulted in the Municipality having to face its greatest financial challenge in modern times. In this situation it has become appropriate to examine the nature of the challenge and the manner in which the Council has faced up to it. Its findings may be of relevance to Local Councils in similar circumstances in Sri Lanka and elsewhere.

This paper will therefore discuss and examine the finances of the Colombo Municipal Council. Its analysis will be confined to the post—1975 period.

URBAN CHALLENGES AND CITY SERVICES

The Colombo Municipal Council is the oldest Local Government institution presently in existence. It was established in 1865 and has since then provided a very broad range of services required of it by various statutes, including the Municipal Councils Ordinance. Some of these services are obligatory and others discretionary. Many of the facilities for its services were first provided several decades ago. Thus water supply lines were first laid 100 years ago ; the drainage scheme 80 years ago ; the fire fighting equipment mostly comprised of ten year olds ; and the garbage collection vehicles were first purchased more than 20 years ago. Accordingly the growth of population in the City over time and the consequent provision of increased services resulted in large investments being made in capital works and in maintenance. However with time, the revenue from the City's own sources could not meet the required expenditure. Accordingly, the Central Government granted financial

assistance and enabled the Council to meet with its commitments. However, subsequently the scope of central assistance could not be provided on the scale required by the Council to sustain its services. In such circumstances, the Council was able to provide only very little funds for capital expenditure and was compelled to allocate most of it for administrative and maintenance costs of its services. This situation was particularly critical in the mid-sixties and in the early seventies.

Then in 1977, a new Central Government took office, and adopted a philosophy of a "liberalised economy", after a previous seven year period of a "controlled economy". In pursuance of its economic policies, the Government embarked on three "lead projects"; one of which was on Urban Renewal and Housing, wherein the City of Colombo was earmarked for a dramatic transformation of its physical fabric. A separate Urban Development Authority was established in 1978 to plan and promote the development of the City and other Urban areas. The response was the emergence in the City of a massive increase in economic activity, of new businesses and residential premises, and of a four-fold increase in vehicular traffic. In addition, the City was required to improve its physical environment by beautifying its parks, streets, and open spaces.

Such pressures on the Council's services, against a background of poor finances has had a considerable impact on its financial resources. Nevertheless, it has made considerable progress, particularly after 1979, in mobilizing funds for its increased expenditure, including those for some of its major capital works. The latter is discussed more fully later on in this article.

PRESENT RANGE OF COUNCIL'S SERVICES

A quantified inventory of the present services provided by the Council is at ANNEX I. Of this list, water supply and drainage has now been taken over by the National Water Supply and Drainage Board (as from August 1981).

Electricity, Telecommunication, General and Higher Education, and Police Services, are provided by the Central Government.

The Council has a total of 12,725 employees to provide its services, comprising both permanent and casual staff.

The professional staff cadres of the Council presently include 63 Western Medical Officers, 7 Veterinary Surgeons, 1 Dental Surgeon, 27 Ayurvedic Physicians, 24 Engineers, 4 Town Planners, 1 Chartered Architect, 1 Chartered Surveyor, 4 Lawyers, 3 Chartered Accountants, and 19 Librarians.

FINANCIAL STRUCTURE OF THE COUNCIL

As mentioned previously, the analysis of this article will be confined to the post 1975 period. The pattern of revenue and expenditure of the Council during this time is given in Table I. The latter reveals a large rise in both revenue and expenditure, particularly in the post 1979 period.

The per capita revenue and per capita expenditure in the last three Census years of 1963, 1971, and 1981 are as follows:—

	<i>Census Years</i>		
	1963	1971	1981
Per capita revenue (Rs.)	76	101	475
Per capita expenditure (Rs.)	73	88	473

The above shows a six-fold increase over two decades in both per capita revenue and expenditure, clearly reflecting the financial pressures on the Council.

The Budget of the Council is presently structured under six programmes. The pattern of expenditure by capital and recurrent sources under these programmes is given in Table I. It indicates a very large share of recurrent expenditure over capital expenditure up to 1979. A change of this index is evident from 1979 onwards (*vide* Table II). The 1982 position is unique owing to a new budgeting practice adopted by the Council in only providing for token expenditures on many capital works until funds are actually found during that year from whatever source. This method of budgeting has been considered to be more appropriate owing to the unreliability of the availability of funds from either the Council's own anticipated sources or from external sources, including the Central Government.

The actual amount of recurrent expenditure in the post—1975 period shows a large increase after 1978 (*vide* Table I). Thus, the recurrent expenditure in 1975 has increased by two-fold in 1979, and by three-fold in 1982. This situation reflects the pressures on the Council after 1977 to ensure its services and also to maintain them at higher levels. The latter has also included the services to the City's poor; the recurrent expenditure of which, (as spent on "poor relief") in 1982 is an estimated Rs. 3.7 million.

An investigation through other sources of the structure of recurrent expenditure by its elements has indicated that the Council has had to bear the burden of several wage increases imposed by the Central Government. Accordingly, as in the past, wages have comprised a large share of recurrent and total expenditure. Thus it represents an annual average of 49% of recurrent expenditure and 37% of total expenditure in the post—1975 period. Presently (1982) the average wage per employee is Rs. 500/- per month.

An analysis of the amount of capital expenditure in the post—1975 period shows a massive rise after 1978 (*vide* Table I). The increase over 1975 is a mammoth eight-fold in 1979, and twenty-two fold in 1981. This situation reflects the pressure after 1977 for better services by the Council and consequently the necessity to modernise its strategic (but obsolete) facilities. Thus, the Council's capital expenditure included the following items after 1979.

(a) Full range of Fire Fighting vehicles, equipment, and other facilities	.. .. .	Rs. 26 million
(b) A fleet of 12 modern hydraulically compressing garbage collection vehicles and 400 storage bins	.. .. .	Rs. 16 million
(c) Road maintenance equipment	.. .. .	Rs. 6.5 million
(d) Modern Public Markets	.. .. .	Rs. 61.8 million
(e) Jeeps, Tractors, Trailers and other vehicles	.. .. .	Rs. 22.7 million
(f) An IBM Computer for Accounting and other purposes	.. .. .	Rs. 1.9 million

By components, an analysis of the structure of capital expenditure during the post—1975 period, indicates a large proportion on the group composed of Utilities, Thoroughfares and Building. The next largest group being that of Welfare Services and Amenities. Such prioritisation clearly reflects the Council's policy to balance its expenditure on capital funds in a manner which also ensures a reasonable level of facilities for its poor.

INNOVATIONS AT CAPITAL MOBILISATION

A study of the capital mobilisation policies of the Council clearly indicates its awareness of the large proportion of its ratepayers as being below the ability to contribute to its financial needs. This was enunciated by the Mayor in his Policy Statement at the Inaugural Meeting of the present Council wherein he therefore included an "anti-poverty" programme. Accordingly, the Council envisaged its resources to come from the general economic upliftment created by the liberalisation policies of the Central Government and by way of innovative schemes permitted by recent amendments to the Municipal Councils Ordinance.

Thus, the Council envisaged the growth of the City capital market and attempted to raise revenue for itself through such a capital market by the establishment of a METROBANK. However, there is no indication as yet of the creation of the latter. On the other hand its efforts at capital mobilisation by other means have proved to be quite novel and remunerative. These are separately discussed below for convenience.

(a) Car Parking Fees :

In 1978, the Council was aware of the problems caused by inadequate parking facilities in the City and also of the irrational occupation of available parking spaces by car users. Hence with the two-pronged objective of rationalising car-parking spaces and also of earning revenue, the Council appointed Parking Wardens to police specified parking areas and to charge a fee for using a parking lot on a time-basis. This resulted in a revenue of Rs. 1,986,876 in 1979, Rs. 4,028,889 in 1980 and Rs. 6,233,580 in 1981. The estimated income in 1982 is Rs. 8,000,000. Furthermore it now employs 375 Parking Wardens, who are paid their wages on the basis of a percentage of the fees collected.

(b) Grant from Insurance Corporation for Fire Services :

The high cost of insurance premia in fire-risk businesses in the City and the expenditure to the Insurance Corporation by way of funds paid on losses incurred in regular fires and on re-insurance, resulted in the establishment of a collaboration between the Council and the Corporation to modernise the fire services in the City. The Corporation agreed to bear the total expenses on a fully equipped Fire Brigade. Thus, in 1980/1981, it gave an outright grant of Rs. 26 million for this purpose. Such investment has already begun to bear results for the Corporation. In turn, the Council now has a modern fire service at no expense to the ratepayer.

(c) Real Estate Development :

The Council has recognised that the Urban Development policies of the Central Government has created the kind of environment suitable for real-estate development.

Accordingly it has seen the opportunity of raising income through the lease of its idle and under-utilised properties. Thus it has made available by public advertisement 22 properties and raised revenue through lease payments. These represent down payments (of usually 20%) only, and will hence continue to bring in revenue from both the leasehold price, the annual ground rent and also from rates realised through the development itself.

(d) Toll Charges :

The Council contended that the massive increase in vehicles using the City roads had resulted in high maintenance costs. Hence in 1981 it proposed a toll for vehicles entering the City. This was expected to bring in an annual income of Rs. 20 million. However, the Central Government intervened and offered to pay the Council an equivalent annual

sum in lieu of the Toll ; this money being obtained from the annual charges levied by the Registrar of Motor Vehicles.

(e) Additional Government Grants :

The Council submitted to the Central Government that arrears of previously promised grants and also new grants due currently to it were urgently required. This submission has been favourably considered and a sum of Rs. 15 million was given in 1980 and an additional grant of Rs. 50 million has been approved in 1982.

(f) Indirect Incomes :

The Council argued its case for exemption from customs duty on its imports and was granted such relief by the Minister of Finance in 1981. This resulted in a net saving and hence an indirect income of a large amount in that year.

(g) Donations :

The Council has established since 1967 a "Mayor's Fund" and later in 1978, a "City Development Fund", both of which can receive donations which receive 100% relief from taxes payable by the donors. This has not yet netted substantial revenues, but poses to be potentially a source of large revenue in the years to come.

(h) Foreign Aid :

The Welfare, Public Health and Community Development Services of the Council have been supplemented by funds made available through foreign aid. Thus, UNICEF has granted Rs. 491,065 in 1980 and Rs. 1,390,968 in 1981, for such services designed to uplift the social well being of the City's poor. The "Colombo Project" has received world wide publicity for emulation as a Model in a UNICEF publication carrying the Executive Director's Report on "The State of the World's Children 1981—82."

(i) Rental Income from Hawkers' Pitches and Transit Shop Premises :

As a matter of Council policy to achieve the twin objectives of functional efficiency in the City and the provision of income earning opportunities for the informal sector in the post—1977 economic resurgence, it earmarked specific places for hawkers and other relocated commercial enterprises. These places were allocated at pre-fixed charges which became a source of income to the Council. The latter was Rs. 360,973 in 1980, Rs. 913,423 in 1981 and is estimated at Rs. 2,200,000 in 1982.

(j) Revision of Rates on Commercial Properties and Rented Residences :

The Council has been aware that of the 86,000 city premises, 27,000 were not rateable due to their annual value being less than Rs. 300/-. Further it knew that of the balance 53,000 premises, 29,000 were residential and 24,000 were commercial. Hence it adopted a policy of revising the existing rates of only its commercial properties. However, it also carried out a survey of rented residential premises and ascertained the real rentals and has imposed revised rates on such premises. These revisions have netted in substantial revenue increases since 1980.

(k) Income from Bids Invited to Secure Butcher's stalls in Public Markets :

The Council has been able to derive substantial incomes from annual bids invited from those interested in securing Butcher's stalls in its public markets. These had previously been rented at very nominal fees and the stall-holders had made good profits. The new method of allocating the stall to the higher bidder has resulted in an income of Rs. 789,325 in 1980, Rs. 3,450,250 in 1981, and is estimated to bring Rs. 4,200,000 in 1982.

(l) Revision of Fees :

The obsolete nature of the fees charged by the Council for a variety of its services was recognised by the Council and these were revised upwards by reasonable amounts in 1980, and they now form a source of increased income.

(m) Low-Interest Loans :

The Council initiated discussions with the People's Bank and concluded a special interest rate for its overdrafts and loans. Accordingly, since 1980 it has been able to have an overdraft limit of Rs. 25 million at such low rates for its day-to-day operations.

It is thus seen that the Council has created several income generating sources without actually raising the property rates of its owner-occupied residential premises since 1977. This has eased hardship, while yet raising funds to match a large share of the financial pressures which had developed in the post—1977 period ; especially after 1979.

The Council's desire to be prudent in its financial management policies is well reflected in its previously mentioned methodology adopted in constructing the 1982 Budget, and in the conscious improvement of its reserves in 1981 and (to date) in 1982—(vide Table III). This has been matched by an improvement in cost consciousness and cost effectiveness in the Council's management. Thus, its previous highly centralised administration was decentralised into six District Offices and 47 Area Offices in 1980. Further, closer scrutiny in 1981 of its personnel cadres resulted in the proper identification of the actual numbers of its employees.

The Colombo Municipal Council is therefore now at the threshold of introducing modern financial practices in providing its services. Its transitional period of adjustment during the rapidly changing years of 1977—1981 is clearly beginning to settle. In these circumstances, it must now begin to lay the foundations for effective capital mobilisation and financial management.

In the above context, it is strongly recommended that it examines the feasibility of designing a Corporate Financial Plan for a medium-term period. It is also recommended that such a Plan be designed with the active involvement of a Development Finance Institution such as the National Development Bank or the Development Finance Corporation of Ceylon, so as to ensure the growth of new capital for the needs expressed in the Plan.

In this connection, the pursuit of the Mayor's proposed METROBANK in collaboration with such a Financial Institution may well prove worthwhile. The richness of the national commercial centre which Colombo is, can well serve to be a suitable base for innovative mobilisation of capital. The METROBANK can well be supplemented by a METROPOLITAN INSURANCE CORPORATION also to be promoted by the Council with some appropriate organisation. Their potential for resource mobilisation is tremendous. In fact, the growth of capital through such means can then be channelled to spearhead the Mayor's very relevant anti-poverty campaign in the City.

This article has thus discussed the financial resources of the Colombo Municipal Council in the post—1975 period and has indicated the innovations adopted by it, particularly after 1979 when there was a distinct financial crisis. It has also made some specific recommendations for future action in raising capital.

TABLE I

PATTERN OF REVENUE AND EXPENDITURE, COLOMBO MUNICIPAL COUNCIL

REVENUE AND EXPENDITURE		PROGRAMME ITEMS						Total
		General Adminis- tration	Health Services	Physical Planning Thorough- fares, and Buildings	Water Services	Public Utility Services	Welfare Services and Amenities	
CAPITAL EXPENDITURE (RUPEES)	1975	16,447	815,441	2,270,047	484,120	1,475,673	533,694	5,595,422
	1976	141,407	2,223,711	6,730,935	2,255,788	3,396,895	198,831	14,947,567
	1977	71,757	2,016,356	7,131,988	896,598	563,058	933,075	11,612,830
	1978	67,061	1,100,976	7,700,187	1,440,590	10,850,441	8,569,302	29,728,557
	1979	1,715,049	536,490	11,531,879	982,583	16,382,034	11,606,151	42,754,186
	1980	12,240,900	3,769,500	54,630,000	4,435,000	26,476,000	5,343,500	106,894,900
	1981	1,144,900	2,241,500	98,781,898	4,560,000	191,000	3,480,500	110,699,798
	1982	447,100	251,100	7,981,100	—	—	1,005,000	9,684,300
RECURRENT EXPENDITURE (RUPEES)	1975	12,647,996	22,988,354	8,986,148	5,759,788	3,810,513	7,453,532	61,646,331
	1976	10,205,556	24,001,498	12,658,507	6,266,455	4,774,941	7,362,707	65,269,664
	1977	9,500,576	21,381,874	15,954,227	8,568,035	4,474,792	8,422,697	68,302,201
	1978	12,883,160	26,086,749	26,670,155	10,099,306	5,200,873	9,139,061	90,079,307
	1979	31,079,556	31,551,634	30,880,550	13,736,563	2,782,688	9,483,543	119,514,534
	1980	22,620,800	17,233,160	47,393,195	23,271,400	13,320,200	12,564,500	126,463,255
	1981	45,466,878	22,009,878	56,611,701	29,945,777	1,067,000	11,437,404	166,538,638
	1982	40,072,712	28,791,173	91,197,150	—	1,527,690	16,723,550	178,312,275
TOTAL EXPENDITURE (RUPEES)	1975							67,241,753
	1976							80,217,231
	1977							79,915,031
	1978							119,807,861
	1979							162,268,720
	1980							233,358,155
	1981							277,238,436
	1982							187,996,575
Revenue Items		Rates and Taxes	Rents	Other Income	Revenue Grants	Capital Grant	Loans	Total
REVENUE (RUPEES '000)	1975	52,593,010	2,363,960	6,281,582	11,863,295	2,306,392	—	75,406,239
	1976	56,185,198	3,725,968	7,386,749	14,018,172	9,398,826	—	90,714,913
	1977	61,315,017	2,877,686	12,364,915	13,771,633	45,000	—	90,374,251
	1978	62,449,492	3,108,312	12,199,868	28,962,500	3,527,138	—	110,247,310
	1979	63,942,392	2,366,886	10,289,339	39,390,041	5,412,835	—	121,401,493
	1980	79,932,231	34,256,369	68,728,155	17,651,245	32,731,000	—	233,899,000
	1981	94,371,573	7,800,000	108,500,985	5,022,918	10,641,480	51,600,000	277,682,956
	1982	112,113,680	7,200,000	31,773,010	27,078,600	15,641,481	—	188,806,771

Notes: 1. Figures given for the period 1975—1979 are "actuals" and those given for the period 1980—1982 are "estimates".

2. The central government grant of Rs. 50 million negotiated by the Council, is not included in 1982 revenue.

TABLE II
INDEX OF RECURRENT TO CAPITAL EXPENDITURE,
COLOMBO MUNICIPAL COUNCIL

<i>Year</i>					<i>Index of Recurrent : Capital Expenditure</i>
1975	..	..	..	..	11.0 : 1
1976	..	..	..	..	4.4 : 1
1977	..	..	..	..	5.9 : 1
1978	..	..	..	..	3.0 : 1
1979	..	..	..	..	2.8 : 1
1980	..	..	..	..	1.2 : 1
1981	..	..	..	..	1.5 : 1
1982	..	..	..	..	18.3 : 1

Note : Figures for 1980—1982 are estimates only.
Source : Municipal Treasurer, Colombo Municipal Council.

TABLE III
CASH RESERVES IN BANK
Colombo Municipal Council

1975	..	..	Rs. 11 million	1979	..	..	Nil
1976	..	..	Rs. 1 million	1980	..	..	Nil
1977	..	..	Rs. 4.5 million	1981	..	..	Rs. 3 million
1978	..	..	Rs. 6.5 million	1982 (as at 31.03.82)	..	..	Rs. 6 million

Source : Municipal Treasurer, Colombo Municipal Council.

**INVENTORY OF SERVICES TO RATEPAYERS BY THE COLOMBO
MUNICIPAL COUNCIL**

Playgrounds and Community Centres :

- 40 community centres
- 28 playgrounds
- 1 each, indoor and outdoor stadium
- 1 swimming pool
- 1 municipal sports club playground

Community Services :

- 34 sewing centres for vocational training
- 1 city orphanage for 50 children
- 2 creches for 100 children
- 1 child care home for under-privileged or malnourished children
- 12 pre school centres
- 1 city home for the aged for 200 senior citizens
- 21 public viewing TV centres
- 300 community development councils.

Library Services :

- 1 city public library with 50,000 membership
- mobile library service at 32 centres
- 11 branch libraries

Civic Facilities :

- 17 public markets
- 4 cemeteries, including crematorium
- 4 laundries
- 1 public city park (Vihare Maha Devi Park)

Public Health Services :

- 20 Ayurvedic dispensaries
- 1 each, unani and siddha dispensary
- 1 Ayurvedic pharmacy
- 27 (western) curative dispensaries
- 1 each, dental, eye, acupuncture and pap-smear clinic
- 14 maternity and child health centres
- 1 each, microbiological and analyst laboratory
- 97 public conveniences

Fire Services :

- 1 fully equipped central fire fighting station
- 2 branch fire stations

Veterinary Services :

- 1 slaughter house
- 1 each, dog-pound and laboratory

Utility Services :

- 2 elevated distributing reservoirs
- 2 boosting stations
- 335 miles of water mains
- 11 sewerage pumping stations
- 176 miles of underground sewers
- 20 miles of rainwater drains
- 200 miles of streets
- 12,000 street lamps
- 500 tons of garbage collection per day.

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PAPER EIGHT

SOME PROCESSES AND PHENOMENA OF URBAN DEVELOPMENT

—The Recent Experience in Sri Lanka

PURPOSE OF PAPER

In Sri Lanka, the transformation of towns from being mere functionaries of services, administration, and of commerce, to actual bases of resources and investment, represent a significant shift from being pre-dominantly a physical entity to that of an integrated unit with substantial economic value. In such a context, the consideration of towns in the planning process becomes not only a matter of design for convenience, function, and beauty, but also a much broader issue of urban development. It is in the latter connection, that they will, in complementarity with rural development, become contributors to national economic development.

In this situation, the experiences of the post—1978 period in Sri Lanka offers an opportunity to ascertain the processes and phenomena that have been initiated in the Urban areas. It's study will provide a basis to perceive the conditions of the continuing character of urban development, which in turn would then facilitate the formulation of an effective policy for it's sustenance. This Paper is thus an effort towards achieving such an objective.

NATURE OF THE URBAN DEVELOPMENT PROCESS IN SRI LANKA

In Sri Lanka, the planning and development of towns have been traditionally regarded as activities generally associated with "development control measures" or with "physical improvement schemes". Accordingly they were primarily a concern of local levels and therefore of Local Authorities. Further, in terms of investments in towns, the State regarded its contribution as a "social overhead". The private entrepreneur was treated as one required to conform to physical controls indicated in the "plan", rather than as an *Investor* in it. Such a process thus excluded Town Planning from the mainstream of the economic planning process.

However, in 1978, a fresh orientation in the urban development process began to form with the establishment of the Urban Renewal and Housing Programme as one of the three "lead projects" of the Government's development effort. This created a kind of environment which made urban development a process of investment and capital formation. The outcome has been the emergence of a dramatic boom in property development and associated activities in the urban economy.

This new orientation has consequently influenced other processes in the urban sector concerned with planning, finance, legislation and institutions.

Thus the planning process has substantially changed its own orientation from "development control" to "promotional urban development". It's plans are no longer called "planning schemes" but "development plans", and it seeks to promote integrated planning and implementation of economic, social and physical development of urban areas. Thus it lays greater emphasis on the inter-connections, particularly of physical development with public utilities and traffic and transportation. Further, it's regulatory features include Floor Area Ratios and Plot Coverages. It also requires designs and associated submissions to be prepared by "qualified persons". These all comprise elements of a process which seem 'o professionalize urban development in a manner that would ultimately link it with macro-economic development.

The urban financial process has also acquired a new stature with the kind of environment created by the investment-oriented urban development process. It now includes share issues, debentures,

tures, merchant and development banking, off shore banking, money-broking and equipment leasing. In addition, it has led to the issue of "bearer bonds" and "certificates of deposit" to mop up unofficial cash circulating, mostly in the urban economy. Further, it has created a secondary market for Treasury Bills. Such elements in the urban financial process also reflects the perceptions of an investment-oriented urban development process.

The new institutions and legislative enactments that have been established or are being contemplated, also comprise elements of the current urban development process. Thus, the Urban Development Authority created under Law No. 41 of 1978 ; the Greater Colombo Economic Commission established by Law No. 4 of 1978 ; the Foreign Investment Advisory Committee ; the amending legislation empowering commercial development by urban Local Authorities ; the formation of Urban Land Banks ; and the establishment by the Government of a Stock Exchange, all point to the kind of process being fashioned in the urban sector.

The complementary features in the macro-economic sphere which further consolidates the current orientation in the urban development process include, the conscious encouragement of private enterprise, liberalised trade (with duty free shopping facilities), and attractive fiscal incentives (for approved property development).

All of the above discussions clearly suggests that the nature of the urban development process is characterised by several factors which point towards continuity in a progressive manner. The dramatic transformation which has occurred in such short time in the urban sector as stated previously, also indicates the capacity and its inherent capability to grow further. These are well reflected in the various phenomena evident in its areas. The latter are therefore also discussed to fully satisfy the purpose of this Paper.

SOME PHENOMENA OF THE URBAN DEVELOPMENT PROCESS

The phenomena which have occurred in Sri Lanka is typical of the first stage of a maturing urban development process. Thus, an early phenomenon was the masive rise in urban land and rental values, and speculation on them by the State and also by private entrepreneurs. It brought about initial credibility on urban land investment and led to the initiation of widespread interest on property development. The latter was accompanied by the desire of developers to conceive and design large scale projects. Some of them were even made compulsorily large by the Urban Development Authority. Such considerations led to complexities of finance and resulted in the so-called "overheating" of the national economy by urban construction projects.¹ It exposed the constraints of construction capacity and technological skills in the country, resulting in a large scale influx of international builders and professionals. The latter enabled the early commencement of some large projects, particularly in the city of Colombo.

The speculative increases in land and rental values also gave rise to another phenomenon associated with the early stages of urban development. Thus, these values became prohibitive to a very large number of small businesses that dominated the city economy. Accordingly, they were unable to occupy strictly Office or Commercial premises, and hence resorted to large-scale conversion of houses into business premises. The latter in turn restricted the market for those developers who invested in building projects, and consequently such premises remained vacant for long spells.

Meanwhile, the liberal tax incentives and the climate of a credible urban property market, attracted foreign investments. Such activities were consciously encouraged by policy but were simultaneously persuaded to include the general public of Sri Lanka as shareholders through issue of shares. Thus began another phenomena of share issues on a scale not witnessed ever before.²

(1) The World Bank and even local Economists have indicated this opinion.

(2) Rs. 622 million worth of shares were offered to the public within a short span of 18 months, during 1981/82. Many share issues were oversubscribed.

A further typical feature of this stage of urban development has also been the occurrence of a vast increase in opportunities (mainly through a spin-off effect), for the urban poor in Trading Services, Construction, and in "informal sector" activities. The sudden upsurge in the demand for their services in such areas where educational qualifications are superseded by skills and perseverance, is a distinguishable characteristic in the early stages of urban development. In addition, the focus of attention on assisting the urban poor through a "revolving fund" technique, further re-inforces the efforts by the State to capitalise on the flush of investment evident at this stage. Thus, the aim of policy was to attract major developers from whom income was expected for utilisation in delivering benefits to the poor.

Another phenomenon of this stage of urban development has been the staggering effects on towns by way of heavy strains on public utilities, including telecommunication. This situation has been compounded by traffic problems on the urban streets created by the relaxation of import restrictions on all classes of motor vehicles. The outcome of such a spectrum of events has also been the realisation of the high costs of public utility services. The latter being a reflection of the conditioning of urban communities to the changing nature of the urban development process. The commercial capital of Colombo also experienced a broad-basing of the spectrum of occupational specialisations. In this connection, a classic phenomenon of a prospering urban development process, comprise the establishment of a chain of specialised restaurants and fast-food outlets. Thus, presently, 14 such places exist and all of them being established within the last 30 months.³ In a similar manner, other specialised services such as Airline, Shipping, Insurance and Off-Shore Banking, have also expanded rapidly. Another feature of this phenomenon of specialisation is the establishment of "Supermarkets". A few of the latter already exist in Colombo and elsewhere.

All of the above-mentioned phenomena have arisen due to the nature of the current orientation of the urban development process. They reflect several aspects which point towards sustained urban development. Hence some issues connected with the latter will next be discussed.

CRITERIA FOR SUSTAINED URBAN DEVELOPMENT

The previous section has discussed the various phenomena associated with a maturing process of urban development. In such a context it will be relevant to identify the criteria that would indicate whether a basis has been reached for sustained urban development. If not, all phenomena which have so far occurred will only, represent a 'freak' situation.

In the above connection, several criteria for sustaining an urban development process appear to be evolving as follows :

- the establishment of an Urban Development Authority & the associated legislative framework for an investment-oriented, integrated form of urban development.
- the establishment of a wide spectrum of urban based financial institutions and practices (e.g. Merchant & Development banks, off-shore banks, money broking, finance companies, share issues and a Stock Exchange).
- credibility of 'property development' as an investment sector.
- expansion of urban occupational specialisations.
- expansion of construction technology & capacity for superior quality building development.
- creation of large numbers of employment in urban based activities.

(3) 'Island' Newspaper of 1st July 1982, reporting an Address by the Chairman, Tourist Board of Sri Lanka.

commitment of vast quantities of investments in the urban areas, including those on capital infra-structure.

- attractiveness of urban areas for foreign investment as demonstrated by several projects within and outside the Free Trade Zone.
- emergence of a wide network of local "real estate" professionals and agencies.
- the availability of a pool of trained professionals in Urban Development from the post-graduate course established at the University of Moratuwa.
- the increase in the fund of knowledge available through local research of the relevance of urban development to contribute to economic growth.

However, although a very significant transformation has taken place in the urban areas, its nature (as previously discussed) has been that related to the early stages of an urban development process. The latter has been commented upon by many urban specialists in comparison with other Asian Cities (eg. Hong Kong, Singapore, Seoul, etc.) and also with those in urbanized western countries, wherein circumstances similar to those presently prevalent in urban Sri Lanka were evident many decades ago. In this context, the constraints, such as high rates of inflation, overheating of the economy by urban construction projects, high speculation on land & rental values, urban transport problems, inadequacy in public utilities, etc, were also typical of their early stages in urban development.

Accordingly, it can be reasonably deduced that the existing situation in the urban sector combined with the actual size of its population (3.2 million in 1981), has now established a basis for sustained urban development. In this connection it will now be relevant to discuss some considered perceptions of the future.

SOME CONSIDERED PERCEPTIONS OF THE FUTURE

As noted elsewhere, the transformation of the urban sector commenced mainly after 1978. The various processes initiated by it have accomplished a degree of activity far more than expectations. However, due to the necessity for establishing for the first time a vast array of elements in this on-going process of urban development, as mentioned earlier, an initial period of over-expectation and a consequent settling down occurred in a relatively short period of three and a half years. This situation was also due to a lack of adequate infra-structure support.

However, it is nevertheless worth recalling that the following have already been accomplished in this first stage (1978—1982), of the urban development process :

- i. establishment of institutional devices ;
- ii. initiation of several large scale projects, including the completion of a few qualitatively superior business premises ;
- iii. occupational specialisation ;
- iv. employment of a large number of persons in trade, commerce, and services;
- v. massive public investment in several large projects and in infra-structure;
- vi. mobilisation of an expanded construction and technological capacity.

In the above circumstances what is important to consider is whether the processes of urban development have already matured or are they only reflecting conditions for sustained growth. In this

connection, the writer has conceived a "wave theory" in urban development which suggests that its processes mature gradually in the form of successive waves, wherein the crest and trough of each wave action represents the highest and lowest levels of momentum in urban activity. It implies that it is not possible for the urban areas to continuously increase their quantum of activities in unlimited fashion. A limit arises due to constraints within the urban areas themselves and also by the competition they face from non-urban activities for shared factors. Further it is also significant to note that an increase in momentum causes an acceleration of the activities resulting in inflationary trends, overheating of the economy, adverse terms of trade, and an undesirable characteristic in the GNP which becomes weighted heavily in favour of higher growth rates in construction, trade, and services. The reactions to these are credit controls, higher tariff measures, removal or reduction of fiscal incentives, and severe budgetary discipline in public investment. The consequence is a loss in momentum in the surge of the wave action and the formation of its downward slope until it reaches lower stability levels (in the trough of the wave).

It is however considered that the momentum generated by the urban development processes will not stop suddenly, and can only result in subsequent increased activity, or free wheeling at the already generated levels, or at the worst, wave action with a shorter pitch.

The force of the momentum at both, the peak stability level (*i.e.* at the crest of the wave), and at the lowest stability level (*i.e.* at the trough of the wave), provides an intrinsic carrying power for a certain period of time at each level. Hence, the "waves" are not pointed at either the top or bottom levels, but are instead flat in its general shape at those respective levels. The period of the flat level varies according to the force of the momentum. The latter also conditions the frequency and the pitch of the wave action.

Against the background of the "wave theory" the study of the processes of urban development in Sri Lanka indicates that the lack of adequate information prevents the construction of the "wave formations" in the pre-1978 period. However, for the reasons given in the previous sections of this Paper, it is evident that there had begun a major surge in wave formation in and around 1978. This is supported by data available in the following :⁴

- i. high shares in the GNP of construction, trade, and services;
- ii. massive increases in urban land values and rentals;
- iii. designation of urban development as a "lead project" and the subsequent heavy public investment in same;
- iv. large increase in urban employment;
- v. large increase in urban transport activity;
- vi. substantial expansion in the spectrum of urban functions and services.

The monitoring of data available on the above indicate that the initial surge of the wave commenced in late 1978 and reached a peak in late-1979 which lasted until mid-1981. In the latter year many of the actions and reactions previously mentioned in the preceding paragraphs began to occur. Consequently, the force of the momentum decreased, and the downward slope of the wave commenced in mid-1981 and is yet moving towards the lowest stability level which is expected around early 1984. The intrinsic power of the wave will then carry its force at its lower flat level. Announcements made by the Urban Development Authority (UDA), and by the World Bank/IMF suggests that low-levels of urban activity can be expected until about 1985. Thereafter, as noted previously the characteristics shown by the current urban development process to sustain itself will again permit further activity. Accordingly, the surge of the next wave will commence at or just after 1985.

(4) Data on the stated aspects are contained in the Central Bank Annual Reports (1980 and 1981) A study of the Business Premises Market in Colombo (Mendis : 1981 and 1982) ; Transport Statistics (1981) ; and Urban Development in Sri Lanka (Mendis : 1982).

It is most probable that the wide spectrum of urban activities created in the on-going wave possess the momentum to provide a stronger surge in the next wave action. Hence, its peak will be higher and the flat level at that peak will, probably be longer. In such a context, an estimate of the frequency of the next wave is a likely seven-year period encompassing 1985 to 1992. (*vide* Figure I).

The subsequent wave will likely take us to the Year 2000. It is likely to result in an even higher peak.

The above indicates that the presently known conditions require a time frame of nearly two decades for the realisation of the fuller potential of urban development. Such scales of time are comparable with the experience in several other countries.

During this time span, the following features will be particularly noted.

- (a) advancement in construction and computer-use technology.
- (b) changes in rental and land values.
- (c) supply of superior quality business premises.
- (d) changes in the componential shares in the structure of GNP.

Thus Figure 2 indicates a probable time frame for the occurrence of one of these features.

POLICY CONSIDERATIONS IN PLANNING FOR URBAN DEVELOPMENT

A significant issue for consideration in policy arising out of this Paper comprise that of nurturing the right kind of elements required at the various stages of the urban development process. In such connection it is urgent for the closer integration of urban plans with macro-economic plans. These must necessarily rely on one another for effectiveness in achieving the overall objectives of development.

The recent announcement by the Government, that Sri Lanka should move directly to the "computer-age" in development suggests that policies of urban development has to necessarily blend with economic development policies. Therefore, a very clear expression of a suitable urban growth policy is most opportune.

In the above context a key feature which requires the attention of policy makers comprise that of determining whether and how, the maturing urban development process could be accelerated, without a shift in the continued emphasis in rural development. Such a factor deserves credit as it could result in the earlier achievement of higher per capita urban incomes, and also in acting as a catalyst in "leaping forward" to more advanced urban economies. The latter can simultaneously influence and strengthen rural economies as has been established in the developed and also in some developing countries.

Meanwhile the formulation of policy directions governing the construction industry, urban land use and supply, fiscal and financial structures, and the training of appropriate urban development skills should receive immediate attention. Such preparatory work will be conditional to both the qualitative and quantitative accomplishments during the future stages of the urban development process.

CONCLUDING REMARKS

This Paper has thus discussed the nature of the process and phenomena of urban development in the context of the Sri Lanka experience. The issues raised in this Paper requires in-depth study and analysis for the fuller comprehension of the implications for policy and implementation. Such research is recommended both in the Universities and also in the practising institutions.

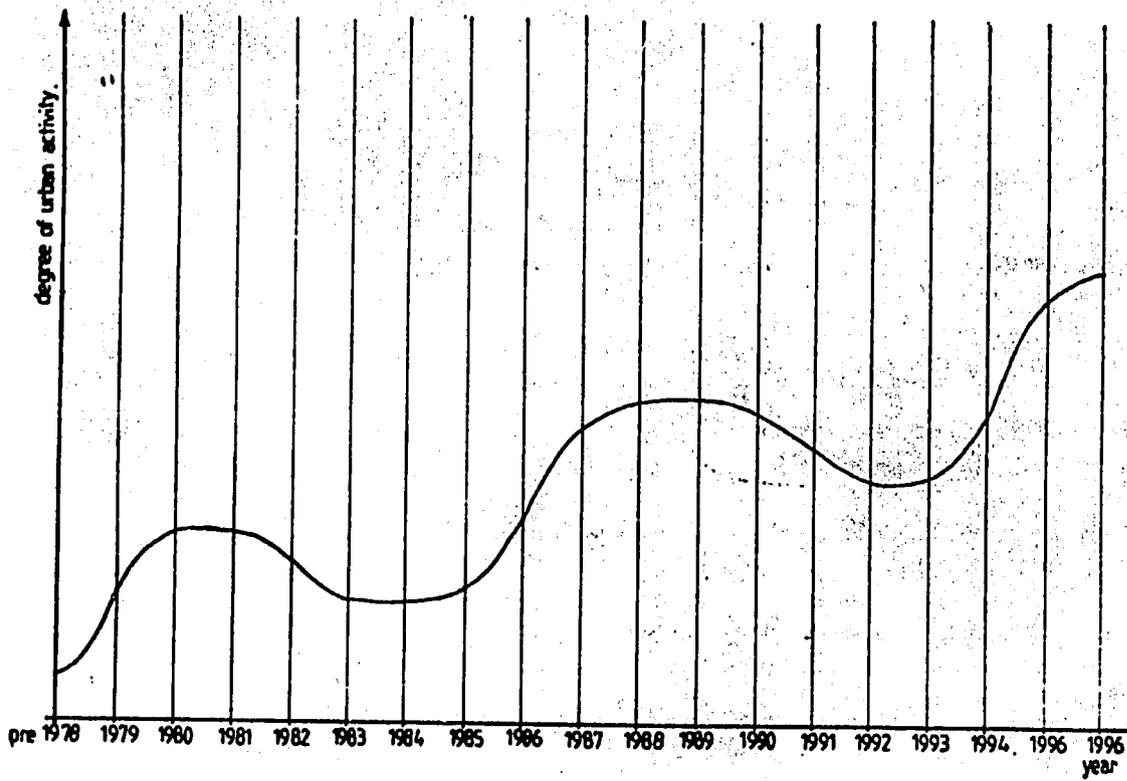


FIGURE 1

A CONSIDERED PERCEPTION OF THE "WAVE THEORY"
IN URBAN DEVELOPMENT - THE SRI LANKA SITUATION

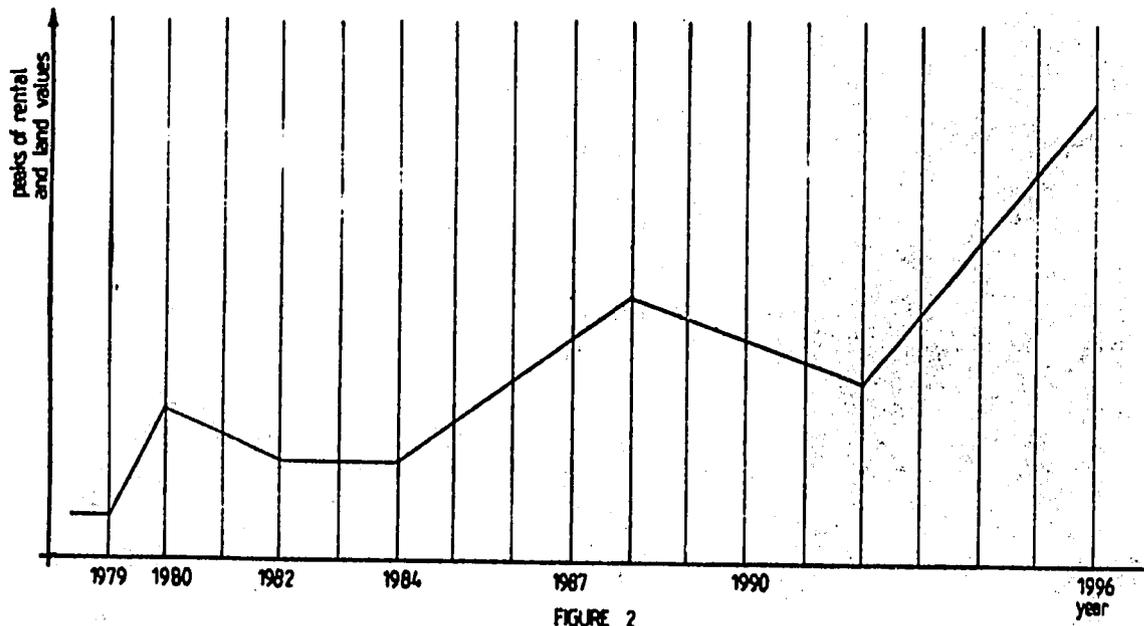


FIGURE 2

SCHEMATIC PATTERN OF CHANGES IN A SELECTED
PHENOMENON OF URBAN DEVELOPMENT, SRI LANKA

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On his return to Sri Lanka, Professor Mendis took an active interest in Planning Research and Education. In 1973, he was the first recipient of a Research Grant for Planning awarded by the National Science Council of Sri Lanka. In 1974, he joined the permanent academic staff of the newly created Department of Town & Country Planning of the University of Sri Lanka, wherein he was closely associated with the establishment of the Country's first post-graduate course in Planning. In 1978, he was awarded the Nuffield Foundation Commonwealth Travelling Fellowship and was attached to the Development Planning Unit of the University College London, as a Visiting Research Fellow. On his return to Sri Lanka in 1979, he was appointed as Professor and Head of the Department.

Professor Mendis has served as Adviser in the Ministry of Local Government, Housing & Construction. He has also been a Member of several National Committees concerned with Planning and Housing. In addition, he has promoted the establishment of the Institute of Town Planners, Sri Lanka and was elected a Founder Fellow at its inaugural meeting held in February 1982. Currently, he is the Senior Vice-President of the Institute.

Professor Mendis has represented Sri Lanka at several International Conferences and Seminars on Planning. He was a Sri Lanka delegate to the UN-HABITAT Conference in Vancouver and its regional meetings held in Bangkok and Teheran. He also attended the Commonwealth New Towns Conference in East Kilbride Scotland, and the Commonwealth Association of Planner's Asian Regional Workshop in Hong Kong.

Professor Mendis has several publications to his credit. He has previously published two books on "The Planning Implications of the Mahaweli Development Project in Sri Lanka" (1973), and on "Local Government in Sri Lanka" (1976).