

The Apparel Industry in Sri Lanka and its Externalities (with reference to Narammala Divisional Secretariat)

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When Sri Lanka liberalized its economy in 1977, the country's garment industry took off immediately. Initially quota-hopping East Asian garment exporters, attracted by the country's liberal trade regime, relocated their already well-established garment businesses to Sri Lanka. This relocation encouraged local entrepreneurs to start their own garment enterprises to exploit markets guaranteed by quotas, assisted by the liberal trade regime and incentives granted by the Sri Lankan Government. Sri Lanka has since become a world class apparel manufacturer supplying to global super brands for over three decades. However, externalities have been created by the apparel industries. The objective of this study is to identify the significance of the apparel industry and its externalities to the economy of Sri Lanka. For the research primary and secondary data has been used. Primary data has been collected from interviews and questionnaires. 100 people who are living and working in Narammala divisional secretariat were selected by using multiple cluster sampling method. Secondary data collected from Internet & websites, journal articles and books. After the survey was completed, the data was processed in SPSS for statistical results. Line graphs, percentages, tables have been used to present the collected data. This research is based on the Descriptive Analysis. Two hypotheses were created for the research:

H0: Apparel industry generated positive externalities than the negative externalities.

H1: Apparel industry did not generate more positive externalities than negative externalities.

According to the study, the positive and negative externalities could be identified. The negative externalities are water pollution with fabric dyes and massive water consumption in different steps of the process. The positive externalities are increasing the job opportunities, infrastructures facilities such as road development, transport. It can be concluded that positive and negative externalities have been created from the apparel industry, Positive externalities were greater than the negative externalities.

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