

Table of Contents

Abstract	ii
Acknowledgements	iv
Research outputs from the thesis to date	vi
Acronyms	viii
Table of Contents.....	x
List of Tables	xv
List of Figures	xvii
List of Appendix.....	xviii
Chapter 1: Introduction	17
1.1 Introduction.....	17
1.2 Background to trade and development policies.....	18
1.3 Trade and development policy in Sri Lanka.....	24
1.4 Objectives of the study.....	27
1.5 Research methodology	28
1.6 Significance of the study/Contribution to the existing literature.....	31
1.7 Organization of the thesis.....	37
Chapter 2: Poverty impacts of agricultural trade liberalisation in Sri Lanka:	
A review of the literature	40
2.1 Introduction.....	40
2.2 Trade–poverty linkages	41
2.3 The role of trade and agriculture in poverty reduction.....	45
2.4 The importance of empirical case studies and field work	49
2.5 CGE analysis of poverty impacts of trade liberalisation	52
2.6 Agricultural trade liberalisation and poverty in Sri Lanka	56
2.7 Conclusion	60
Chapter 3: Determinants of household poverty in Sri Lanka and their behaviour:	
1990-2010.....	62
3.1 Introduction.....	62
3.2 Poverty definitions, theories and empirical literature.....	66
3.2.1 Poverty definitions and measures	66
3.2.2 Poverty theories: contemporary literature	70
3.2.3 Empirical studies on poverty determinants.....	73

3.3	Poverty trends in Sri Lanka.....	76
3.4	Methodology	80
3.4.1	Data sources	81
3.4.2	Analytical framework.....	82
3.4.2.1	Probit regression analysis	82
3.4.2.2	Model specification	84
3.4.2.3	Dependent variable.....	85
3.4.2.4	Explanatory variables	86
3.4.2.5	Quantile regression analysis and ordinary least square (OLS) analysis.	88
3.5	Results and discussion:	90
3.5.1	Determinants of household poverty in Sri Lanka: 1990-2010.....	90
3.5.2	Changes of poverty determinants by sector: 1990-2010	94
3.5.3	Changes in poverty determinants in urban sector in Sri Lanka: 1990-2010.....	97
3.5.4	Changes in poverty determinants in rural sector in Sri Lanka: 1990-2010	99
3.5.5	Changes in poverty determinants in estate sector in Sri Lanka 1990-2010.....	100
3.5.6	Quantile regression and determinants of the household poverty in Sri Lanka	91
3.6	Decomposition analysis of poverty in Sri Lanka: 1990-2010	95
3.7	Conclusion	98
Chapter 4: The economic impact of labour migration from the rural to urban sector in		
Sri Lanka.....		
		101
4.1	Introduction.....	101
4.2	Migration theories and empirical literature	105
4.2.1	Classical and neo-classical theories of labour migration.....	106
4.2.2	New economics of labour migration (NELM).....	107
4.2.3	Migration and development.....	108
4.2.4	Remittances and household development.....	111
4.2.5	Internal migration and sending communities	114
4.2.6	Internal migration, remittances and Sri Lanka	117
4.3	Methodology	121
4.3.1	Data Collection.....	121
4.3.2	Analytical Framework	122

4.3.2.1	Tobit regression model.....	123
4.3.2.2	Probit regression model.....	124
4.3.2.3	Ordinary Least Square (OLS) regression model	124
4.3.2.4	Mincerian earning equation.....	125
4.3.2.5	The Chow test.....	126
4.4	Results and discussions	128
4.4.1	Descriptive statistics.....	128
4.4.2	Education of the respondents.....	131
4.4.3	Motivation for rural-urban migration	132
4.4.4	Future plans of the respondents.....	133
4.4.5	Work experience of the respondents	135
4.4.6	Comparative income gains through rural-to-urban migration in Sri Lanka.....	137
4.4.7	Determinants of migrants' earnings:	141
4.4.8	Determinants of remittances.....	145
4.4.9	Usage of internal remittances in rural farm communities.....	148
4.5	Conclusion	152
Chapter 5: Impact of the agriculture trade liberalisation on household poverty:		
	GTAP_POV analysis for Sri Lanka.....	155
5.1	Introduction.....	155
5.2	Significance of the study.....	159
5.3	Literature review: GTAP-POV framework-based analysis.....	161
5.4	Implementing the GTAP-POV framework for Sri Lanka	164
5.4.1	Methodology: Data and analytical framework	164
5.4.2	Household data cleaning procedure.....	165
5.4.3	Linking household income to the GTAP factors	169
5.5	Analysis of the Sri Lankan GTAP-POV data.....	170
5.5.1	Structure of poverty in Sri Lanka based on earning stratum	170
5.5.2	Average factor income shares at poverty lines in Sri Lanka	172
5.5.3	Poverty elasticities in Sri Lanka.....	173
5.5.4	Poverty analysis based on GTAP_POV framework.....	176
5.5.4.1	Policy Simulations.....	178

5.5.4.2	Analysis of poverty impact of agricultural trade liberalisation	178
5.6	Conclusion and policy implications	184
Chapter 6:	A review of poverty focused policies and future policy needs in Sri Lanka	186
6.1	Introduction.....	186
6.2	Policies contributing to poverty reduction in Sri Lanka.....	189
6.2.1	Policies during the colonial period	189
6.2.2	Importation of labour created a poverty group in Sri Lanka	190
6.2.3	Poverty as a result of new economic policies.....	196
6.2.4	Rice ration policy in Sri Lanka.....	200
6.2.5	Redistribution policies of post-independence period.....	202
6.2.6	Agriculture reforms and colonization.....	205
6.2.7	Import substitution policy and poverty in Sri Lanka	207
6.2.8	Rural development schemes in Sri Lanka	209
6.2.9	Open economic policy in Sri Lanka	210
6.2.10	Systematic poverty alleviation programmes.....	213
6.2.11	Newly initiated poverty reduction programmes	219
6.2.12	Conclusion.....	220
6.3	Policy needs and preliminary recommendations for Sri Lanka.....	221
6.3.1	Policy recommendations for poverty reduction in the rural sector	221
6.3.2	Rural-to-urban migration as a strategy for rural development and poverty reduction in Sri Lanka	229
Chapter 7:	Conclusions	239
7.1	Introduction.....	239
7.2	Insights from the literature	239
7.3	Key findings of the analysis	241
7.3.1.	Poverty determinants in Sri Lanka and their behavior	241
7.3.2.	Economic impact of rural to urban labour migration	242
7.3.3.	Poverty impact of agricultural trade liberalisation	243
7.3.4.	Poverty reducing policies in Sri Lanka.....	244
7.4	Limitations of the current research and possible future directions.....	245
7.5	Concluding remarks	247

References	248
------------------	-----

