This paper focuses on the relationship between the economic conditions of the Dambadeniya Period and the Royal Donations to the Buddhist Sangha. The political instability during the last phase of the Rajarata civilization resulted in shifting of the capital to Dambadeniya. King Vijayabahu III was able to manage the political conditions of the Maya Rata with Dambadeniya as the center of administration. He managed to create a political atmosphere which enabled himself and his successor to develop religious and economic conditions in the kingdom.

Until the 13th century AD the economy of the dry zone depended on the system of irrigation developed by the past kings. Although the seat of administration shifted to the South-west with the establishment of the Dambadeniya kingdom economic conditions of the country did not undergo a radical change. However trade was gradually becoming a very important sector in the economy. This was probably due to the political stability and the geographical conditions of the South-west i.e. the natural harbours. As a result of these combined economic activities the economic conditions of the Dambadeniya Period were relatively good.

In 1215 AD Magha, of Kalinga in South India, invade the island and captured power in Polonnaruwa. He followed a deliberate policy of destroying Buddhism. He and his forces started harassing the Sangha and destroying places of Buddhist worship in Rajarata. Therefore the main challenge faced by Dambadeniya Kings was to restore Buddhism to its past glory. Dambadeniya rulers worked tirelessly for the development of Buddhism as the state religion. The royal donations to the Buddhist Sangha were one step taken by these kings the view of developing Buddhism.

According to many sources almost all the royal donations this period have been made with the objective of protecting and stabilizing Buddhism as a religion. The objective of this paper is to find out the connection between the positive economic conditions of the Dambadeniya period and the Royal Donations to the Sangha. Primary sources, both literary and archaeological, would be analyzed for this end.

It is clear from the primary historical sources that the favourable economic conditions of the Dambadeniya period enabled the kings to donate immensely to the Buddhist institutions and the Sangha, and as a result, the stability and strength of Buddhism as the state religion improved.

**Key words:** Royal Donations, Economic conditions, Dambadeniya period, History-Sri Lanka