The theoretical economic background of the British colonial administration in Sri Lanka is an observable component. The mercantilism and laissez-faire policy was the spirit of British rulers and, their investment policies were based on classical economic theories. To achieve the objectives of mercantilism and laissez-faire policies, the British rulers followed the policy of state patronage for creating imports for Sri Lankan market and capital exports for Great Britain. To achieve this objective, British rulers invested considerable amount of capital in Sri Lanka to develop our road network.

A hundred years of British government activity in Sri Lanka resulted in providing island-wide useful road transport network. During the British colonization period, export based plantation agriculture was the most important economic sector in the country. Therefore, developments on the transport network came to play a very important role in Sri Lanka.

During the British colonial period, entire administration of the road network system was done by central government and it was not decentralized. But presently, A and B class roads are under the Road Development Authority (RDA) of Sri Lanka and remaining road networks are under local governments and other public and private institutions. The entire rail track network of the country is still managed by Sri Lanka Railway Department (SLRD). The present national transport network of Sri Lanka includes nearly 100,000 Kilometers of roads and 1,463 Kilometers of rail track network.

This study is an attempt to analysis of British colonial economic policies and infrastructure development policies in Sri Lanka in comparison to those of the 21st century. Therefore, this study is mainly focused on past and present economic policies, objectives, impacts and factors leading to economic development in the country. This study is focused in particulars on the capital raising methods of British colonial administration for road development and construction, and its economic impacts on 21st century in Sri Lanka.

Key Words: Investment Policies; Development; Road Network; Colonial; Century

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