



**SRI LANKA FORUM OF UNIVERSITY ECONOMISTS**

**SRI LANKA ECONOMIC RESEARCH CONFERENCE  
2012  
PROCEEDINGS**

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**Message of the Vice Chancellor**  
**University of Colombo**

It is with great pleasure and pride I write this message to the Proceedings of the Sri Lanka Economic Research Conference – 2012.

Higher education and research in the discipline of Economics has global significance given the current challenges faced by the developing economies, and Sri Lanka is no exception. It is even more relevant for Sri Lanka in view of her accelerated growth and development objectives, and the country needs intellectual inputs – particularly from Economists – in understanding the complex dynamics of economic forces and in formulating appropriate policies to steer the process of development. In this respect, the Sri Lanka Economic Research Conference organised by the *Sri Lanka Forum of University Economists*, currently presided over by the Department of Economics of the University of Colombo, is timely. The Conference would bring together a pool of expertise that can assess the growth of the country, its directions, and contribute towards national development. It is the responsibility of academics to be directly involved in national development with the strong leadership of the country.

I have no doubt that the outcomes of this conference, in ways of ideas, reflections and directions, will actively contribute to enrich the discipline of Economics, and help in formulating policies for the betterment of the developing world, including our motherland. With this hope, I commend the SLFUE, its organisers and the Department of Economics of my University in particular, for the time and effort they have committed to make this conference a success.

It is my wish and belief that this good work will be carried forward by the other sister Departments of Economics in the Sri Lankan University System, who will bear the mantle in the years ahead, and develop the SLFUE and its international Conference, the SLERC, to heights all of us could be proud of.

I wish the endeavour all success.

**Professor Kshanika Hirimburegama**  
*Vice Chancellor*  
*University of Colombo*

**Message of the Chairman**  
**Sri Lanka Forum of University Economists**

Sri Lanka Economic Research Conference 2012 organised by the Sri Lanka University Economists is an important milestone of the rising voice of economists in the country.

For some reasons, the University Economists of Sri Lanka remained isolated and silent in past creating a vacuum in the sphere of economic discussions and debates. This vacuum appears to have been filled by populist or even false economic ideas and concepts that were based on vested interests, colored spectacles and the disciplinary ignorance. As the Sri Lanka Economic Research Conference 2012 is marked by the beginning of the voice of economists, I believe that in the years to come it would knock down the populist and false doctrines and, open up the opportunity for productive dialogue based on principles.

I feel that I am honored to be part of this historical initiative by the University Economists. While extending my sincere thanks to all who sacrificed their time to bring this first International Conference to a reality today, I wish all the participants a productive, interactive and pleasant time at the Conference.

**Professor Sirimal Abeyratne**

*Head of the Department of Economics*  
*University of Colombo,*

*Chairman*

*Sri Lanka Forum of University Economists*

## **Editorial Preface**

Sri Lanka Economic Research Conference is the first major event of the newly formed Sri Lanka Forum of University Economists (SLFUE), and it is with a sense of accomplishment that this editorial preface for the Conference Proceedings-2012 is composed.

The SLFUE is the result of an initiative undertaken by the Department of Economics, University of Colombo, and the contributions and efforts made by the Departments and Units of Economics belonging to the other members of the Sri Lankan national university system. The forum now encompasses more than 15 different teaching/research establishments in the discipline of Economics in its family, and all these are linked through the SLFUE web, enabling closer and more effective exchange of information and propagation of partnerships. The SLFUE, and those stalwarts behind it could be happy and proud of her achievements within the very first year of its existence, the SLERC-2012 being the pinnacle.

At the very beginning, the organisers of the Conference only had humble hopes of receiving a few Abstracts. However, their estimations were to be proven dramatically wrong with 110 abstracts submitted in the first round. The independent double-blind review process retained 80 submissions and for these, extended abstracts were requested. This publication of Conference Proceedings contains 53 extended abstracts after further screening and refinement, an enormous and pain-staking task undertaken by the panel of reviewers and the editorial committee who are immensely appreciated for their tireless contributions.

With extended abstracts on a diversity of subjects and with the papers of the invited speakers who are eminent scholars and professionals in the discipline of Economics and Development Policy, it naturally became a privilege to be the editor of this Conference Proceedings. This is not only because of the stature and renown of the contributors, but also because of the unavoidable duty imposed in reading through all these papers and abstracts closely. It is truly a wealth of knowledge and insight to strategic and policy directions. Reading and appraising these, though laborious, was a pleasantly rewarding experience

It is the sincere wish of the editorial committee of this publication that the Conference will lead to fruitful discussion. May the initiative taken with this Conference be continued and developed into an important and significant annual research deliberation event in Sri Lanka in the years to come.

**T Lalithasiri Gunaruwan**

Senior Lecturer (Economics), University of Colombo.

Chief Editor and Chair of SLERC-2012

**SRI LANKA ECONOMIC RESEARCH CONFERENCE - 2012**

**1<sup>st</sup> International Symposium of the  
Sri Lanka Association of University Economists**

*Organised by*

**The Department of Economics  
University of Colombo**

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