

## Urbanisation in Sri Lanka

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Urbanisation

Although urbanisation has been a major problem in several Asian countries it is of less significance in Sri Lanka. This is because city development has been relatively recent and the number of cities and large urban centres in the Island has been less than a dozen. According to United Nations data, in 1980, the world was about 41 per cent urban and the more developed countries were 70 per cent urban while the less developed regions were 30 per cent urban. In regard to Asia, in 1980 South Asia had the lowest proportion of urban population which was 22 per cent while South East Asia had 22.7 per cent. As against this, East Asia had 72.5 per cent of its population living in urban areas. The data reveals extremes in urbanisation levels in the Asian region. At the extreme East Asia corresponds to the average for the more developed world while South and South East Asia fall below the mean for the less developed countries. Sri Lanka with an urban population of 21.5 per cent is only slightly below the average for South Asia. Like the rest of South and South East Asia, Sri Lanka is relatively unurbanised.

About 21.5 per cent of Sri Lanka's population now live in the major cities and urban centres and more than half this number reside in the greater metropolitan area of Colombo which has a population of about 2 million. In terms of absolute numbers, the total urban population is 3.2 million out of a population of 14.8 million. As in many of the other South Asian countries the process of urbanisation in Sri Lanka has taken place at a relatively slow pace within the last one hundred years. Even the relatively small shift in the population towards the urban areas is something that has occurred in the last twenty five years. A good part of this increase has been due to the growth of new towns and urban centres rather than to the influx of people from the rural areas into the older towns and cities. In the last one hundred years, the shift in the population concentration ratio from the rural to the urban sector has been about 10 per cent. In particular, between 1953 and 1981, both census years, the shift in the ratio of the rural population to the urban population was only about 5 per cent. Since 1953, and upto the mid seventies, there has been a more significant shift of the ratio in favour of the urban areas. But there is evidence today that this trend is gradually reversing itself.

### The Urban and Rural Population

A feature of the distribution of urban population is that overcrowding is prevalent only in a few urban centres such as Colombo, Kandy. Within a few miles, outside these cities the environment is essentially rural with a

population density around four persons per acre. For some towns and cities it is therefore, difficult to make a clear cut urban rural demarcation. In addition, more than 20 per cent of the present urban population have some link with the rural areas where they have originally come from or yet have social linkages. From the early fifties, the influx of people from the rural areas to the towns tended to gather momentum and this was partly because not much attention had been given to the development of economic activities and pursuits in the rural sector upto the sixties. Furthermore, better health, education and living conditions and the availability of land and housing tended to attract people to the towns. Until the mid forties, malaria was a scourge in the rural areas and this too encouraged a limited movement of people to the towns.

People in Sri Lanka have largely relied on jobs in the towns and up to the late fifties the government was the largest employer in the island outside the privately owned plantations. Other than in agriculture, the rural sector offered very few job opportunities. Much of the limited rural urban migration was among people who wanted to seek permanent and secure employment which was only available in the principal towns, particularly Colombo. An important reason for the increase in the share of urban population (Table 1) has been the much higher population growth rates in the urban than in the rural areas. Better health, sanitary conditions and other amenities, at least upto the sixties, have helped to maintain a higher rate of population increase in the urban sector. Especially in the decades before the fifties high death rates caused by epidemics, particularly malaria kept the population growth rates in the rural sector at low levels. In some of the other South and South East Asian countries one reason given for the relatively high concentration of population in the rural sector has been the higher population growth rates in the rural as against the urban sector. The converse has been true for Sri Lanka. Among the factors that have kept population growth rates at a lower level in the rural areas have been a higher death rate caused by greater incidence of disease, much higher infant and maternal mortality rates and relatively lower standards of health and sanitation.

The data obtained from censuses over the years clearly shows that more than three fourths of Sri Lanka's population have lived in the rural or the non-metropolitan areas, and at no time has the figure fallen below this level. Even when the country was independent under the rule of Sinhala kings and during the Portuguese and Dutch administrations there is enough evidence to conclude that the bulk of the population has lived in the villages. The figures from the censuses before 1953 show that the rural

**TABLE 1**  
**Population (Urban and Rural)**

Year	Date of Census	Total Population	Average Annual Rate of Growth	Urban Population (in thousand)	Percentage	Rural Population (in thousand)	Percentage	Population Growth Rates	
								Urban	Rural
1871	March 27	2,400,380	—	—	—	—	—	—	—
1881	Feb. 17	2,759,738	1.4	—	—	—	—	—	—
1891	Feb. 26	3,007,789	0.9	321.4	10.7	2,686.3	89.3	—	—
1901	March 01	3,565,954	1.7	414.0	11.6	3,151.9	88.4	2.9	1.7
1911	March 10	4,106,350	1.4	543.0	13.2	3,563.4	86.8	3.1	1.3
1921	March 18	4,498,605	0.9	637.9	14.2	3,860.7	85.8	1.7	0.8
1931	Feb. 26	5,306,871	1.7	737.3	13.9	4,569.6	86.1	1.6	1.8
1946	March 19	6,657,339	1.5	1,023.0	15.4	5,634.3	84.6	2.6	2.3
1953	March 20	8,097,895	2.8	1,239.1	15.3	6,858.8	84.7	3.0	1.4
1963	July 08	10,582,064	2.7	2,016.3	19.1	8,565.7	80.9	6.2	2.4
1971	Oct. 09	12,689,897	2.2	2,848.1	22.4	9,841.8	77.6	5.1	1.9
1981*	March 17	14,850,001	1.7	3,194.8	21.5	11,655.0	78.5	1.2	1.8

\* Provisional

Source: Department of Census & Statistics

urban ratio has remained at a higher level and has not tended to change significantly. Traditionally the Sri Lanka economy has been weighted towards the rural sector. One major modification to this pattern emerged with the steady growth of the plantation sector from around 1890 up to this day. For statistical survey work and for population classification purpose the plantation sector has been always treated as a separate entity from the urban and the rural sectors. However, by its very nature, the composition of the population and the types of activities in which the people are engaged in, the plantation or the estate sector, could be categorised as part and parcel of the rural sector. Although it is commercially advanced it does not have any characteristics of the urban sector. Hence in this paper the plantation sector has been treated as part of the rural sector. The people in the plantations live in a rural setting and their main occupation is work on the tea, rubber and coconut plantations. And in any case, the plantations are located well away from the urban areas and the few towns that have grown around the plantations are not urban in a strict sense. Their main purpose is to provide services and function as commercial and trading centres for the plantations and its large work force and resident population.

The percentage of urban population has been increasing marginally. In 1946 the share of urban population in the total was 15.4 per cent, in 1963 19.1 per cent, in 1972 22.4 per cent and 21.5 per cent in 1981. Thus the urban perspective in Sri Lanka has been confined to a relatively small segment of the total population. The continuing predominance of the population in rural areas can be attributed to a variety of factors which are historical, cultural, social and economic. All throughout agriculture both domestic and plantation has been the mainstay of the economy. Even at times in the past when agriculture has been difficult due to drought and epidemics the rural population has remained in that sector partly because of strong cultural and family ties and close links with the land either as owners or tenants. Furthermore, they had no skills or aptitudes that were of value for occupations in the urban areas. A good many urban jobs required an education and before the availability of free education in the forties people in the villages had very limited opportunities of education.

Before the 1930s and 1940s, the prospects for improving agriculture were unfavourable mainly due to the non-availability of water and the heavy incidence of drought and disease particularly in villages in the dry zone. These problems have now been very largely overcome in most parts of the rural economy. Before the tenth and eleventh centuries, the large civilisations that occupied the dry zone, which cover two thirds of the island and

constituted the core of the rural economy, were sustained by extensive irrigation systems consisting of interlinked storage reservoirs and field channels. With the destruction and abandonment of the ancient and medieval irrigation systems the population in the rural sector got rapidly decimated and human survival in the dry zone remained a major problem, well until the post independence era of the late 1940s.

### **Factors Contributing to Stability of the Rural Population**

In the last three decades, considerable progress has been achieved by government in improving irrigation and agriculture and raising health standards appreciably which in turn has contributed to make life in the dry zone less hazardous and agriculture very profitable. The rural development strategy has not only involved the restoration of old irrigation works, but also the construction of new large storage reservoirs which are linked to the major rivers. Nearly 85 per cent of the large ancient irrigation reservoirs have been restored and they have provided sustenance for a very large segment of the rural population. However, some 7,000 smaller village reservoirs or tanks still await restoration. Once these reservoirs are rebuilt, they would ensure a supply of water for farmers who have not benefited from the restored larger irrigation works. The government has also taken steps in the last twenty years to build new reservoirs and today the largest and longest river in the island, the Mahaweli is being harnessed at several points both for the storage of water in large reservoirs and for the generation of hydro-electric power. All these new schemes are going to benefit the rural population by turning the terms of trade in favour of the rural sector and making agriculture more profitable than pursuits in the urban areas.

Already this has made living in the rural sector far more attractive and has positively contributed to arrest the drift to the towns in search of employment and has even reversed this trend with a slow movement towards permanent settlement in the rural sector. This latter trend is already evident. Several factors have further contributed to make city living less attractive. These are associated with the rising land values following rapid development of the urban areas, the paucity of cheap buildable land in or near the bigger towns and higher taxes on property and amenities. In the case of Colombo, the capital city, several features are literally pushing people out of the city proper. The very high cost of living and rents both in the central part of the city and even in the suburbs and the non-availability of housing at fair rents have been important factors. These factors have been dominant right through the last three decades but have taken a new dimension in the last three years with the

liberalisation of the economy and the resulting acceleration of business activity. Not only in Colombo, but also in other main towns, land values and rents have increased very sharply with greater economic activity and domestic inflation.

The shortage of housing has become very acute in the urban areas; this is particularly so in Colombo and as a result, rents have risen sharply. Owners of houses have been unwilling to rent out houses to Sri Lankans because under the existing tenancy laws a landlord has a very poor chance of getting back a house whenever he wants it. Furthermore, construction costs in the cities have escalated sharply and are generally much higher than in the rural areas. Job opportunities are no longer freely available in the urban areas for unskilled workers and clerical hands. The urban sector today mainly offers jobs in the government service, in banking, finance and trade but the opportunities in these areas are very few in number in relation to the very large numbers seeking positions and there is keen competition. Many of the industries and service sector organisations which offer a wide variety of jobs are now located outside the towns and cities, mainly in the suburbs.

Improvements in transport and communications have helped people to live outside the towns and commute daily for work and business. With the nationalisation of privately operated bus services in 1958, a rapid development and expansion of the transportation network took place with bus services linking practically every village and town. After 1958, the urban and the rural bus transport services improved considerably and they were inexpensive and this became very advantageous to workers who lived outside the urban centres and commuted to the cities and towns everyday. Until quite recently bus fares were low and the losses incurred by state operated bus services were met through government subsidies. Low bus fares encouraged families to live in the suburbs or within a radius of around twenty miles from the city. As a result, about half a million people came to the city of Colombo to work. This in turn promoted the growth of several satellite towns and the development of communications and trunk roads to the city.

Colombo has the largest floating population and the numbers have been estimated at about 500,000. This is less important in other big towns like Kandy, Galle and Jaffna where the permanently resident population is more important. In Jaffna particularly, a fair proportion of the permanent population works in other distant cities like Kandy and Colombo while their families reside in Jaffna. The difference in size between Colombo and the other large towns is quite significant. The permanent population in Colombo is about four times more than in the next large urban area-

Dehiwela Mount Lavinia. The floating population which comes into Colombo for work and business has not basically disturbed the rural urban population ratios because the people who really commute to the city live in the suburbs or in the rural sector. In the future, the floating population is likely to increase progressively because fewer people can find inexpensive accommodation in Colombo or in the suburbs, where many new industries and service organisations have been established, because of high living costs and an acute shortage of housing. Population-wise, therefore, the city of Colombo will tend to have a fairly constant permanent population but its floating population will progressively increase with greater business and economic activity and the establishment of new business houses, banks and large hotels.

Further attractions of the rural sector today are the progressive expansion of basic services and amenities in many areas. Electricity is now available in almost every town and in many villages although the use of electricity for domestic purposes is not very popular in the rural sector. The recent sharp escalation in electricity tariffs may now make this even less attractive. A very large number of pipe borne water schemes have been undertaken by government in the smaller towns and in some villages. The extension of postal and telephone services and the railway and road network have vastly improved communications between different parts of the rural sector and with the urban areas. All this has helped to improve productivity, rural incomes and living standards. A general increase in the output of agricultural crops, particularly paddy, has raised rural incomes appreciably and made domestic agriculture very viable. As a result, there is little incentive today for the rural people to seek employment in the urban areas because agriculture is far more profitable.

#### **The Urban Development and Housing Program**

The urban development program based on the Greater Colombo Master Plan envisages a number of schemes which includes land reclamation and drainage, development of transport, infrastructure, land clearance, resettlement and physical planning in connection with the establishment of the investment promotion zone in Katunayake, the shifting of the Parliamentary and administrative capital to the new capital city of Sri Jayawardenapura formerly known as Kotte and slum clearance and urban renewal in the city of Colombo. A large part of the program is being handled by the private sector. This is true of development in locations such as the Echelon Square and other spots in the heart of the Fort and Pettah, the commercial centres of the city and the several large new hotel projects that are now coming up in Colombo.

The total investment in the housing program during the period 1980 to 1985 has been estimated at Rs. 5,116 million. It is directed towards easing the housing shortage and placing a diminishing burden on the government budget over time. The most important step in this direction is the movement towards self-financing in the case of low and middle class housing schemes which are under construction or completed by the National Housing Development Authority. The National Housing Development Authority has initiated a program to sell some houses on an outright basis and others on a down payment plus instalment basis. Initiatives have been taken by the National Housing Development Authority to shift from direct construction towards a system which could stimulate house building activity through private development. The National Housing Development Authority will acquire lands, develop such lands and sell lands to developers on the understanding that they would construct houses for sale. They are required to construct houses on approved plans and not make profits on land already developed but derive profits from the construction and sale of houses. Several tax incentives have been offered by the government in this area of activity.

The entire housing program has witnessed a marked shift towards self-aided schemes. In addition to this, the government has launched a program to upgrade slums and shanties in the city of Colombo and urban areas. This is a major problem in the city of Colombo. In 1974 in Colombo there were 16,251 shanties with 19,953 families living in them with a total population of 90,645. There were 20,507 houses in slum tenement gardens with 24,623 families and a population of 123,115. In addition, there were 8,207 slum tenement houses with 9,840 families and a total of 48,907 people living in them. The total number of slum and shanty dwellings was 44,965 and the number of people living in them 271,667. Most of these slums and shanties came after the second World war when there was increased migration to the city. The rent laws enacted after 1942 acted as a disincentive for prospective builders of small houses. As a result, illegal temporary structures grew in the city which are today the shanty or squatter housing settlements. Most of the labour that was attracted to the city in the forties and fifties to work in the industries packing tea, rubber and coconut for export tended to concentrate in the slum tenement gardens in the centre of the city. During the year 1981 a total of 6,255 slums and shanties will be upgraded at a cost of about Rs. 32.5 million.

Public sector housing construction achieved considerable progress during the period 1978 to 1981. By the end of 1980, 20,841 housing units had been completed consisting of 5,797 urban housing units under the direct construction

scheme, 8,699 units under the self-aided scheme including model villages and houses for the fisheries sector, 5,880 electoral houses and 465 units under slums and shanty upgrading. In addition, another 39,556 housing units were in different stages of construction of which 16,750 units were under the urban direct construction program, 17,766 units under the aided self help scheme and 5,040 under the electoral housing program.

### **Problems of Urban Development**

The shortage of housing in the city has become a major problem and this has been very acute during the last two decades. The city of Colombo has also the problem of clearing a very large number of shanties and slums which exceed 44,000. In addition to this, there are over 50,000 sub standard housing units which need immediate improvement. Most of these happen to be small houses subject to the rent laws. The rents on these houses today stand at the same level as in 1942. Landlords therefore, find it clearly impossible to repair and maintain these houses on very low rents. Unfortunately, efforts made in the period before 1977 of increasing the housing stock in the country have turned out to be very poor and unimpressive. But with the change of government in 1977 practical steps were taken to rapidly increase the stock of housing. The present government launched an extensive urban renewal and housing development program not only in the towns and cities but also in the rural areas. This program of work involves the construction of 100,000 housing units by 1983 mostly in the rural areas.

Before 1977 investment in housing in Sri Lanka had slowed down considerably. There was a substantial backlog in housing and the new government had to take steps to clear it. Today, the problem before the government is to provide housing for a population which is increasing at the rate of 260,000 persons per annum. Those who fall into the age group 25-34 years will be the crucial segment of the population which will make demands on housing. This segment increased at the rate of 1.4 per cent between 1953 and 1963 and at 2.4 per cent between 1963 and 1971. The projected rate of increase between 1971 and 1983 for this age group of the population is 4.1 per cent. This means roughly that 20,000 new families have to be provided with houses each year in addition to clearing the housing backlog. To cope with this situation between the years 1976 and 2001 this will call for doubling the investment that had taken place in urban housing before 1977 and at current costs of construction outlays will have to be more than treble. Today housing is essentially an urban problem while the rural needs are less acute and take a different form. What is largely needed in rural housing are improvements and modifications of design and the addition of facilities to improve the amenities for health and sanitary living.

The government has given priority to housing, improving living standards and the quality of lives of the people. The new housing program is also aimed at providing accommodation for people who are living in slums, shanties and substandard dwellings. Most of the urban centres and towns that have sprung up in the last 50 years, some of them with large numbers of shanties and tenement dwellings have developed along the borders of major roads with the result that development has taken place in an unplanned manner. Since towns have developed bordering main roads, due to the narrowness of these roads and on account of the construction of buildings on the road boundaries and street lines combined with the growing density of traffic, there has been little leeway for the further development of these centres.

In this context, many urban centres have acquired shapes and spatial structures which reflect inability to grow out of dependence on the main road system. On account of this, it has been found that only about 6 per cent of the total land that is available in most urban areas could be earmarked for its central business development. Furthermore, for all economic activities not more than 25 per cent of the total land area is available in most of these urban centres and this is largely due to poor planning. Thus there is an acute shortage of land which is available for development in the central areas of town and cities that have developed in the last fifty to seventy five years. The demand for land in these urban centres in for housing, economic activities, infrastructure facilities and for community facilities. Most urban areas today do not offer adequate land to satisfy these needs. Thus while the demand for land keeps increasing the supply of land is static and future expansion becomes difficult unless there is proper planning of horizontal development, or by vertical development through the construction of highrise buildings.

The Colombo metropolitan area is occupied by nearly 2 million persons. With the high density of population, there is a chronic inadequacy of land for development purposes. This has induced town planners to identify undeveloped lands particularly in the low lying areas. In the Colombo metropolitan area nearly 2,500 acres of potentially buildable land is available but much of it has to be filled up and reclaimed. The rising land values in most metropolitan areas in Sri Lanka have compelled investors to spend a good deal of money either for purchasing or leasing the land. This in turn restricts the amount of resources which could be made available for development of infrastructure and building construction. For example, one acre of commercial land in the city of Colombo may cost as much as Rs. 24 million and in other centres the cost may vary from Rs. 8 to Rs. 10 million.

In view of high land costs, inadequacy of resources acts as a major constraint in developing lands in urban areas. Private property owners therefore, have not had adequate funds to put up buildings unless of course, very substantial assistance has been forthcoming from the banks at satisfactory rates of interest. Most of the larger building projects in Colombo are being undertaken by the state itself or state sponsored corporations. Some of the other large building projects are being handled by overseas investors, international hotel combines or by local or expatriate banks. Lack of financial resources alone is not the only setback to rapid urban development but inadequate infrastructure has been equally important. The urban areas lack adequate facilities particularly utilities such as water supply, sewerage, surface drainage, electricity and telecommunications. These facilities had grown at a relatively slow rate in the past and in most areas they are now totally inadequate to meet the challenges of urban development.

One way of making more land available would be to embark on an extensive program of urban renewal. Large scale urban renewal and slum clearance have not taken place in the Colombo area and in other big towns. Only the beginnings are now seen with the housing development policy of the present government. With the result, valuable land has not been released through that process for development. Furthermore, in this context, underutilisation of valuable land remains a major constraint for the development of the central parts of the city.

In the period between 1963 and 1981 the number of towns with the population size between 10,000 and 20,000 increased by 62 per cent, those between 20,000 and 50,000 by 80 per cent and those with a population of over 100,000 increased by 200 per cent. Such increases in the number of towns have brought about pressure on land available for urban development. High land values have not only set back development but has also made construction beyond the means of the average developer. This is clearly reflected in the share of the value of the land in the cost of housing development. Whereas before 1978, the value of the land in the share of cost of construction of a house would not have exceeded 30 per cent in the prime residential areas of Colombo city, presently the cost of land constitutes almost 100 per cent in the same location. The corresponding position in regard to the development of business premises has not so much been expressed in terms of the share of the value of land, but in the actual value of the land itself. Thus a property of 3 acres in Colombo for commercial

development will cost about Rs. 75 million. This scale of finance imposes severe limitations on the liquidity of the businessmen and thereby retards the very objectives of urban development.

With sharply rising land values and construction costs in the prime areas of the city of Colombo the availability of finance both in the state and the private sector will determine the pace and scope of development of the City. The influx of population into Colombo has been largely halted and those who are now coming into the city and purchasing properties or building houses by making very large outlays are the new affluent class who made money in the gem trade, tourism or other economic activities associated with the liberal economic policies of the government. This will result in the rapid development of the suburbs and the growth of satellite towns within a radius of 10 to 15 miles from Colombo. Unlike most other South East Asian cities Colombo will have few highrise buildings and even with increasing concentration of new houses in the best residential areas the city will be spatially less congested and will remain a garden city for a long time to come. It could even be said that high land values and the high costs of construction and living have saved the city from overcrowding and from too many highrise apartments and buildings.