



ALLEVIATION OF POVERTY AND JANASAVIYA

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As a developing country, Sri Lanka has a population of 17.0 million towards the mid 1990 (World Bank Development Report). Forty eight percent of the population consist of households earning less than Rs. 1500/- per month while 28% of the households earn less than Rs. 700/-per month. Moreover 74% of the Sri Lankans are dependants. Food stamps were given to the households earning less than Rs. 750/- per month, but this scheme was found to be inadequate in order to upgrade the standard of living of the low income groups.

Janasaviya could be best defined as a blessing to the poorest of the poor who are caught up in the vicious circle of poverty and earning an income below the subsistence level. It is a special concept implemented for first time in a developing country. The major objective of this concept is alleviation of poverty of the poorest segment of the population. Such an organized programme for the poor has never been presented by any politician or a philosopher in the world history.

The Janasaviya concept is based on the value of human resource which is the highest

resource of the world, therefore, a major attempt has been made to enlist the human resource for the eradication of oppression and frustration of the people. It would be extremely difficult to conceive a more humanitarian concept which has emphasised the strongest need for development of the human resources.

The Janasaviya programme completes its 3rd year of operation on 2nd October 1992 and three Janasaviya rounds have been successfully implemented in several AGA's Divisions in Sri Lanka. The progress of Janasaviya activities are shown under Table 1.

Janasaviya programme has taken a step forward by providing assistance to Janasaviya recipients to obtain loans from the state banks in view of enhancing their income. Table 4 presents details about the advances obtained by the recipients of the AGA's Divisions where the programme has been conducted up to now.

According to the World Development Report for 1992, the G.N.P. per capita income in Sri Lanka is 470 US\$. The G.N.P. per capita income is 32,680 US\$ in Switzer-

land which is the highest income earning country. Accordingly Sri Lanka occupies the 32nd place among the low income earning countries. The monthly per capita income in Sri Lanka is calculated at Rs.1,840/-.

However, according to an article published in the Asia Week on 30th October the per capita income in Sri Lanka for 1992 is 510 US\$. It is 35,020 US\$ in Switzerland. Hence, Sri Lanka occupies the 28th place among other countries. (See table 2.)

Recipients are selected from among those who are earning less than Rs.750/- per month. It is estimated that they will earn Rs.2,500/- per month with the completion of the programme. As a result, the estimated per capita income increase is about 638 US\$ due to increased income earned by the low income group.

If a family is able to earn an annual income of 638 US\$ dollars due to Janasaviya, Sri Lanka can reach the 48th place among the countries earning a lower middle income. Hence, one can consider Janasaviya as a magical concept committed towards developing the people of the country.

Janasaviya Activities

Janasaviya programme is scheduled to be implemented step by step throughout the country. Each step is identified as a round which will cover one or two AGA's Divisions in one administrative district. Each round of the Janasaviya programme will be implemented during a period of 2 years and the entire programme is scheduled to be implemented in 11 rounds. Each round takes 24 months for completion while the entire programme will be completed during a period of 22 years throughout the Island.

According to the Janasaviya Secretariat, all offices in connection with the Janasaviya will be closed with the completion of the programme at the end of 22 years. Further, there will be no poor people in the country.

Table 1
Janasaviya Recipient Families

Rounds	No. of Families
1	154,345
2	101,779
3	99,000

At present, three rounds of the Janasaviya programme have been successfully completed and it has entered into the fourth

BASIC INDICATORS

	Population (millions) mid-1990	Area (thousands of square kilometers)	GNP per capita ^a		Average annual rate of inflation ^b		Life expectancy birth (years) 1990	Adult literacy (percent)	
			Dollars 1990	Average annual growth rate (percent) 1965-90	1965-90			Female 1990	Total 1990
					1965-80	1980-90			
Low-income economies	3,058.31	37,780t	350w	2.9w	8.0w	9.6w	62w	52w	40
China and India	1,983.2t	12,849t	350w	3.7w	3.2w	6.8w	65w	50w	37
Other low-income	1,075.1t	24,931t	320w	1.7w	17.3w	15.1w	55w	56w	45
1. Mozambique	15.7	802	80	...	...	36.6	47	79	67
2. Tanzania	24.5	945	110	-0.2	9.8	25.8	48	...	...
3. Ethiopia	51.2	1,222	120	-0.2	3.4	2.1	48	...	...
4. Somalia	7.8	638	120	-0.1	10.2	49.7	48	86	76
5. Nepal	18.9	141	170	0.5	7.8	9.1	52	87	74
6. Chad	5.7	1,284	190	-1.1	6.2	1.2	47	82	70
7. Bhutan	1.4	47	190	...	...	8.4	49	75	62
8. Lao PDR	4.1	237	200	...	...	...	49	...	...
9. Malawi	8.5	118	200	0.9	7.4	14.7	46	...	...
10. Bangladesh	106.7	144	210	0.7	15.9	9.6	52	78	65
11. Burundi	5.4	28	210	3.4	5.0	4.2	47	60	50
12. Zaire	37.3	2,345	220	-2.2	24.7	60.9	52	39	28
13. Uganda	16.3	236	220	-2.4	21.4	107.0	47	65	52
14. Madagascar	11.7	587	230	-1.9	7.7	17.1	51	27	20
15. Sierra Leone	4.1	72	240	0.0	7.9	56.1	42	89	79
16. Mali	8.5	1,240	270	1.7	9.0	3.0	48	76	68
17. Nigeria	115.5	924	290	0.1	14.6	17.7	52	61	49
18. Niger	7.7	1,267	310	-2.4	7.5	2.9	45	83	72
19. Rwanda	7.1	26	310	1.0	12.5	3.8	48	63	50
20. Burkina Faso	9.0	274	330	1.3	6.3	4.5	48	91	82
21. India	849.5	3,288	350	1.9	7.5	7.9	58	66	52
22. Benin	4.7	113	360	-0.1	7.4	1.9	50	84	77
23. China	1,133.7	9,561	370	5.8	-0.3	5.8	70	38	27
24. Haiti	6.5	28	370	0.2	7.3	7.2	54	53	47
25. Kenya	24.2	580	370	1.9	7.2	9.2	59	42	31
26. Pakistan	112.4	796	380	2.5	10.3	6.7	56	79	65
27. Ghana	14.9	239	390	-1.4	22.9	42.5	55	49	40
28. Central African Rep.	3.0	623	390	-0.5	8.2	5.4	49	75	62
29. Togo	3.6	57	410	-0.1	7.1	4.8	54	69	57
30. Zambia	8.1	753	420	-1.9	6.3	42.2	50	35	27
31. Guinea	5.7	246	440	...	...	...	43	87	76
32. Sri Lanka	17.0	66	470	2.9	9.4	11.1	71	17	12
33. Mauritania	2.0	1,026	500	-0.6	7.6	9.0	47	79	66
34. Lesotho	1.8	30	530	4.9	6.7	12.7	56	...	...
35. Indonesia	178.2	1,905	570	4.5	35.5	8.4	62	32	23
36. Honduras	5.1	112	590	0.5	5.7	5.4	65	29	27
37. Egypt, Arab Rep.	52.1	1,001	600	4.1	6.4	11.8	60	66	52
38. Afghanistan	...	652	...	...	...	...	42	86	71
39. Cambodia	8.5	181	...	...	...	...	50	78	65
40. Liberia	2.6	111	...	...	6.3	...	54	71	61
41. Myannar	41.6	677	...	...	...	...	61	28	19
42. Sudan	25.1	2,508	...	...	11.5	...	50	88	73
43. Viet Nam	66.3	330	...	...	...	...	67	16	12
Middle-income economies	1,087.5t	41,139t	2,220w	2.2w	21.1w	85.6w	66w	27w	22
Lower-middle-income	629.1t	22,432t	1,530w	1.5w	23.6w	64.8w	65w	32w	25
44. Bolivia	7.2	1,099	630	-0.7	15.9	317.9	60	29	23
45. Zimbabwe	9.8	391	640	0.7	5.8	10.8	61	40	33
46. Senegal	7.4	197	710	-0.6	6.3	6.7	47	75	62
47. Philippines	61.5	300	730	1.3	11.4	14.9	64	11	10
48. Cote d'Ivoire	11.9	322	750	0.5	9.4	2.3	55	60	40
49. Dominican Rep.	7.1	49	830	2.3	6.7	21.8	67	18	12
50. Papua New Guinea	3.9	463	860	0.1	8.1	5.3	55	62	48
51. Guatemala	9.2	109	900	0.7	7.1	14.6	63	53	45
52. Morocco	25.1	447	950	2.3	7.0	7.2	62	62	51
53. Cameroon	11.7	475	960	3.0	9.0	5.6	57	57	40
54. Ecuador	10.3	284	980	2.8	10.9	36.6	66	16	14
55. Syrian Arab Rep.	12.4	185	1,000	2.9	7.9	14.6	66	49	30
56. Congo	2.3	342	1,010	3.1	6.8	0.5	53	56	43
57. El Salvador	5.2	21	1,110	-0.4	7.0	17.2	64	30	22
58. Paraguay	4.3	407	1,110	4.6	9.3	24.4	67	12	10
59. Peru	21.7	1,285	1,160	-0.2	20.6	233.9	63	21	15
60. Jordan	3.2	89	1,240	...	...	...	67	30	20
61. Colombia	32.3	1,139	1,260	2.3	17.5	24.8	69	14	13
62. Thailand	55.8	513	1,420	4.4	6.2	3.4	66	10	2
63. Tunisia	8.1	164	1,440	3.2	6.7	7.4	67	44	35
64. Jamaica	2.4	11	1,500	-1.3	12.8	18.3	73	1	...
65. Turkey	56.5	779	1,630	2.6	20.8	43.2	67	29	19
66. Romania	23.2	238	1,640	...	...	1.8	70	...	...

Note: For economies with population of less than 1 million, see Box A. 1; for other economies, see Box A. 2; For data comparability and coverage, see the techni notes. Figures in italics are for years other than those specified.

BASIC INDICATORS

	Population (millions) mid-1990	Area (thousands of square kilometers)	GNP per capita ^a		Average annual rate of inflation ^f		Life expectancy birth (years) 1990	Adult literacy (percent)	
			Dollars 1990	Average annual growth rate (percent) 1985-90	Average annual rate of inflation ^f			Female 1990	Total 1990
					1985-90	1990-90			
1. Poland	38.2	313	1,690	...	...	54.3	71	...	...
2. Panama	2.4	77	1,830	1.4	5.4	2.3	73	12	12
3. Costa Rica	2.8	51	1,900	1.4	11.2	23.5	75	7	7
4. Chile	13.2	757	1,940	0.4	129.9	20.5	72	7	7
5. Botswana	1.3	582	2,040	8.4	8.4	12.0	67	35	28
6. Algeria	25.1	2,382	2,060	2.1	10.9	6.6	65	55	43
7. Bulgaria	8.8	111	2,250	...	...	2.2	73	...	...
8. Mauritius	1.1	2	2,250	3.2	11.8	8.8	70	...	...
9. Malaysia	17.9	330	2,320	4.0	4.9	1.8	70	30	...
10. Argentina	32.3	2,767	2,370	-0.3	78.4	395.2	71	5	5
11. Iran, Islamic Rep.	55.8	1,648	2,490d	0.1	15.5	13.5	63	57	48
12. Albania	3.3	29	...	...	...	...	72	...	...
13. Angola	10.0	1,247	...	...	...	...	46	72	58
14. Lebanon	...	10	...	...	...	...	65	27	20
15. Mongolie	2.1	1,565	...	...	...	-1.3	63	...	...
16. Namibia	1.8	824	...	...	...	13.4	57	...	...
17. Nicaragua	3.9	130	...	-3.3	8.9	432.3	65	...	...
18. Yemen, Rep.	11.3	528	...	...	...	...	48	74	62
Upper-middle-income	458.4t	18,708t	3,410w	2.8w	19.3w	102.1w	68w	19w	16w
19. Mexico	86.2	1,958	2,490	2.8	13.0	70.3	70	15	13
20. South Africa	35.9	1,221	2,530	1.3	10.3	14.4	62	...	...
21. Venezuela	19.7	912	2,560	-1.0	10.4	19.3	70	10	3
22. Uruguay	3.1	177	2,560	0.8	58.2	61.4	73	4	4
23. Brazil	150.4	8,512	2,680	3.3	31.3	284.3	66	20	19
24. Hungary	10.6	93	2,780	...	2.6	9.0	71	...	...
25. Yugoslavia	23.8	256	3,060	2.9	15.2	122.9	72	12	7
26. Czechoslovakia	15.7	128	3,140	...	...	1.9	72	...	...
27. Gabon	1.1	268	3,330	0.9	12.8	-1.7	53	52	39
28. Trinidad and Tobago	1.2	5	3610	0.0	13.7	6.4	71	...	...
29. Portugal	10.4	92	4,900	3.0	11.7	18.1	75	19	15
30. Korea, Rep.	42.8	99	5,400	7.1	18.4	5.1	71	1	1
32. Greece	10.1	132	5,990	1.8	10.3	18.0	77	11	7
33. Saudi Arabia	14.9	2,150	7,050	2.6	17.9	-4.2	64	52	38
34. Iraq	18.9	438	...	...	...	...	63	51	40
35. Libya	4.5	1,760	...	-3.0	15.4	0.2	62	50	38
36. Oman	1.6	212	...	6.4	19.9	...	66	...	...
Upper-middle-income	4,145.8t	78,919t	840w	2.5w	16.7w	61.8w	63w	46w	38w
Sub-Saharan Africa	495.2t	23,066t	340w	0.2w	11.4w	20.0w	51w	62w	50w
East Asia & Pacific	1,577.2t	15,572t	600w	5.3w	9.3w	6.6w	68w	34w	24w
South Asia	1,147.7t	5,158t	330w	1.9w	8.3w	8.0w	58w	67w	53w
Europe	200.3t	2,171t	2,400w	...	13.9w	38.8w	70w	22w	15w
Middle East & N. Africa	256.4t	11,334t	1,790w	1.8w	13.6w	7.5w	61w	60w	47w
Latin America & Caribbean	433.1t	20,397t	2,180w	1.8w	31.4w	192.1w	68w	18w	16w
Other economies	320.9t	22,634t	...	...	...	...	71w	7w	6w
Severely indebted	455.2t	21,048t	2,140w	2.1w	27.4w	173.5w	67w	24w	21w
High-income economies	816.4t	31,790t	19,590w	2.4w	7.7w	4.5w	77w	5w	4w
OECD member	776.8t	31,243t	20,170w	2.4w	7.6w	4.2w	77w	5w	4w
Other	39.6t	547t	...	...	13.8w	26.1w	75w	33w	27w
37. Ireland	3.5	70	9,550	3.0	11.9	6.5	74	...	...
38. † Israel	4.7	21	10,920	2.6	25.2	101.4	78	...	...
39. Spain	39.0	505	11,020	2.4	12.3	9.2	76	7	5
40. † Singapore	3.0	1	11,160	6.5	5.1	1.7	74	...	...
41. † Hong Kong	5.8	1	11,490*	6.2	83	7.2	78	...	...
42. New Zealand	3.4	269	12,680	1.1	10.3	10.5	75	1	1
43. Belgium	10.0	31	15,540	2.8	6.6	4.4	76	1	1
44. United Kingdom	57.4	245	16,100	2.0	11.2	5.8	76	1	1
45. Italy	57.7	301	16,830	3.0	11.3	9.9	77	4	3
46. Australia	17.1	7,687	17,000	1.9	9.5	7.4	77	1	1
47. Netherlands	14.9	37	17,320	1.8	7.5	1.9	77	1	1
48. Austria	7.7	84	19,060	2.9	5.8	3.6	76	1	1
49. France	58.4	552	19,490	2.4	8.4	6.1	77	1	1
50. † United Arab Emirates	1.6	84	19,860	...	...	1.1	72	...	...
51. Canada	28.5	9,976	20,470	2.7	7.1	4.4	77	1	1
52. United States	250.0	9,373	21,790	1.7	6.5	3.7	76	1	1
53. Denmark	5.1	43	22,080	2.1	9.3	5.6	75	1	1
54. Germany ^g	79.5	357	22,320*	2.4 ^h	5.2 ^h	2.7 ^h	78	1	1
55. Norway	4.2	324	23,120	3.4	7.7	5.5	77	1	1
56. Sweden	8.6	450	23,660	1.9	8.0	7.4	78	1	1
57. Japan	123.5	378	25,430	4.1	7.7	1.5	79	1	1
58. Finland	5.0	338	26,040	3.2	10.5	6.8	76	1	1
59. Switzerland	6.7	41	32,680	1.4	5.3	3.7	78	1	1
60. † Kuwait	2.1	18	...	-4.0	15.9	-2.7	74	33	27
World	5,283.9t	133,342t	4,200w	1.5w	9.2w	14.7w	66w	45w	35w
Fuel exporters, excl. former USSR	272.9t	12,387t	...	1.1w	14.5w	8.4w	58w	54w	44w

Economic: classified by the United Nations or otherwise regarded by their authorities as developing. a. See the technical notes. b. In all tables GDP and GNP data over mainland Tanzania only. c. In all tables data for Jordan cover the East Bank only. d. Reflects last-minute revisions of population estimate (previous estimate was 2,450). e. Data refer to GDP. f. According to Unesco, illiteracy is less than 5 percent. g. In all tables, data refer to the unified Germany, unless otherwise specified. h. Data refer to the Federal Republic of Germany before unification.

Source: World Development - Bank Report

round. Hence, it is most pertinent to examine the constraints and problems at this stage. It is necessary to look back at the 3 Janasaviya rounds which have been completed in order to achieve the targets set out for the future Janasaviya rounds.

Recipients are awarded Rs.2500/- per month for a period of two years. Of this amount, up to Rs.1000/- could be used to purchase goods while it is recommended that Rs.458/- should be saved in a savings account. When Rs.1458/- is deducted for purchasing goods from the total amount of Rs.2500/- per month, they are able to build a fund worth of Rs.25,000/- by saving Rs. 1042/- during a period of 24 months and arrangements have been made for the recipients to produce the receipt obtained for this fund as security in obtaining loans from the state banks.

Furthermore, Rs.3000/- per year will be paid as interest for the saving of Rs. 25,000/- which will be paid in instalments of Rs.250/- per month at the end of two years, with the completion of Janasaviya.

Two main components of the Janasaviya could be shown as follows:

First Stage :

Awarding of the Janasaviya basket and encouraging savings.

Second Stage:

Compulsory savings of Rs. 25,000/- during 24 months and consequently payment of Rs.250/- per month as interest.

First Stage

Under the first stage, our attention is focussed on the identification of goods comprising the Janasaviya basket and examining the method used for their distribution.

The aim of awarding the Janasaviya basket consisting of 25 items is to create a conducive atmosphere for upgrading the living conditions of the poorest of the poor earning an income below the subsistence level. Hence, the major objective is to enlist the participation of the poor for the development process by developing their standard of living through providing nutritious food. In other words, to achieve development through developing the human resources.

Considering the Janasaviya basket, it is evident that market demand has increased significantly by enhancing the purchasing power of a larger segment of the population.

Goods Comprising the Janasaviya Basket

1. Rice
2. Sugar
3. Cowpea
4. Green gram
5. B' onions
6. Small onions
7. Potatoes
8. Vegetables
9. Fruits
10. Coconuts
11. Dry fish
12. Vita milk
13. Eggs
14. Fish
15. Clothing
16. Exercise book, pencils
17. Agricultural implements
18. Umbrellas
19. Tools & Equipments
20. Fertilizer
21. Kerosene oil
22. Clay pots, aluminium goods
23. Mosquito nets
24. Brooms, Ekel brooms
25. Coir

Since all items included in the basket are purchased by the recipients a better idea about the market situation could be gained by multiplying the number of Janasaviya items by the number of recipients.

We examine below a few items purchased by all beneficiaries:

1. Rice
2. Small onions
3. Coconut
4. Sugar
5. B' onions
6. Dry fish
7. Cowpea
8. Potatoes
9. Eggs
10. Green gram
11. Vegetables
12. Fish, clothing

Table 3 provides an idea about the increased market demand generated through a Janasaviya round under this situation.

The Janasaviya programme seeks to foster the recipients and encourage them to produce the goods consumed by them in

order to enlist their maximum cooperation for increasing the Gross Domestic Production.

When taking into consideration the list of goods scheduled to be distributed it is evident that the process involves an extensive production programme. Steps should be taken to increase the quantity produced and to reduce the prices to the maximum level in order to discourage any unfair profit margins. The objective of making the Janasaviya recipients self-reliant will be totally abandoned if the private sector is engaged in the production of goods in view of achieving large profit margins. Furthermore, the beneficiaries will be able to purchase only a limited number of goods.

Under the circumstances, our attention should be focussed on the cooperative system which is exempted from maximising profits in carrying out its activities. There is a need to commence cooperative societies to assist the production as well as the distribution of Janasaviya items.

The primary cooperative societies operating Islandwide play a major role in the distribution of Janasaviya goods at present. Hence there is a need to set up more cooperative societies to enhance the production and distribution of goods. Apex cooperative societies can perform a significant role in this regard in addition to cooperative villages which is an old concept. (Similar to Collective Farms)

Apex cooperative societies could be set up in all AGA's Divisions where the Janasaviya programme is being implemented while, cooperative villages could be started in all villages coming within an AGA's Division. Cooperative villages could be started by identifying suitable projects through developing the technical know-how of the villagers based on the resources available at the village level while production, distribution and sale of Janasaviya items could be successfully undertaken by the apex societies.

Apex Cooperative societies could enlist the Janasaviya recipients of the respective administrative division on contract basis or, give sub-contracts to the cooperative villages (collective farms) formed by the recipients for the production of goods. The goods produced could be purchased by the Apex cooperative society for Islandwide distribution.

These activities should be taken by the Department for Cooperative Development in collaboration with the People's Bank.

Table 2

	GNP per cap.	GDP growth	Exports 12 mths	Surp/Def cur. a/c	Foreign debt	Inflation CPI
Switzerland	\$ 35,020	-0.5%	\$ 61.3b.	\$ 6,941m.	0†	3.8%
Japan	\$ 27,305	1.1%	\$ 320.6b.	\$ 90,080m.	0†	2.4%
U. S.	\$ 22,550	1.5%	\$ 430b.	-\$ 34,240m.	\$ 664b	3.0%
Canada	\$ 21,500	1.9%	\$ 129b.	-\$ 23,374m.	\$ 149b.	1.7%
Germany	\$ 21,475	1.2%	\$ 403b.	-\$ 20,480m.	0†	4.8%
France	\$ 21,085	1.0%	\$ 217 b.	-\$ 13,331m.	\$ 9.6b.	3.2%
Italy	\$ 18,685	2.0%	\$ 169.9b.	-\$ 12,733m.	\$ 36.9b	5.2%
U. K.	\$ 18,250	-0.7%	\$ 188.3b	-\$ 7,769m.	0†	3.6%
Brunei	\$ 17,000	3.5%	\$ 1.9b.	\$ 1,900m.	0†	3.0%
Australia	\$ 16,180	1.6%	\$ 41.9b.	-\$ 9,050m.	\$ 114b.	1.2%
Hongkong	\$ 14,102	4.7%	\$ 104.2b.	\$ 1,300m.	0†	8.3%
Singapore	\$ 13,600	4.7%	\$ 58.8b.	\$ 3,823m.	0†	2.3%
New Zealand	\$ 11,875	1.5%	\$ 9.5b.	\$ 67m.	\$ 33.5b.	1.0%
Macau	\$ 9,050	5.0%	\$ 1.8b.	N. A.	\$ 1.5	7.5%
Taiwan	\$ 8,685	7.3%	\$ 79.3b.	\$ 12,014m.	0†	7.4%
South Korea	\$ 6,489	6.7%	\$ 74.0b.	-\$ 6,251m.	\$ 40.2b.	5.7%
Saudi Arabia	\$ 5,838	9.5%	\$ 44.3b.	-\$ 4,107m.	\$ 16.7b.	4.8%
Mexico	\$ 3,200	3.6%	\$ 28.8b.	-\$ 7,487m.	\$ 80.6b.	27.7%
South Africa	\$ 2,810	-0.6%	\$ 23.8b.	\$ 2,685m.	\$ 0.8b.	15.3%
Malaysia	\$ 2,475	8.8%	\$ 34.7b.	-\$ 4,300m.	\$ 14.8b.	5.0%
Brazil	\$ 2,000	1.2%	\$ 31.4b.	\$ 6,580m.	\$ 110b.	44.1%
Fiji	\$ 1,712	0.4%	\$ 0.46b.	-\$ 4m.	\$ 0.4b.	7.0%
Turkey	\$ 1,670	1.5%	\$ 13.7b.	\$ 272m.	\$ 41.4b.	56.3%
Thailand	\$ 1,605	7.9%	\$ 30.4b.	-\$ 7,450m.	\$ 27.3b.	4.7%
P. N. Guinea	\$ 880	9.3%	\$ 1.6b.	-\$ 584m.	\$ 2.4b.	5.3%
Egypt	\$ 753	2.3%	\$ 4.7b.	\$ 237m.	\$ 38.4b.	19.8%
Philippines	\$ 725	-0.4%	\$ 8.9b.	-\$ 1,676m.	\$ 29.6b.	8.9%
Indonesia	\$ 605	6.4%	\$ 29.4b.	-\$ 4,837m.	\$ 70.1b.	8.7%
Sri Lanka	\$ 510	5.0%	\$ 2.1b.	-\$ 363m.	\$ 6.1b.	12.0%
Maldives	\$ 470	8.0%	\$ 0.06b.	-\$ 4m.	\$ 0.09b.	8.0%*
Pakistan	\$ 430	6.4%	\$ 6.9b.	-\$ 2,172m.	\$ 22.3b.	12.7%
Bhutan	\$ 415	3.5%	\$ 0.8b.	-\$ 58m.	\$ 0.09b.	11.5%
Kenya	\$ 346	4.0%	\$ 1.01b.	-\$ 477m.	\$ 6.4b.	14.8%
Nigeria	\$ 330	4.2%	\$ 10.6b.	\$ 3,500m.	\$ 33b.	13.0%
China	\$ 325	12.0%	\$ 71.9b.	\$ 13,300m.	\$ 60.5b.	5.0%
India	\$ 310	2.5%	\$ 19.3b.	-\$ 4,848m.	\$ 73.5b.	11.8%
Burma	\$ 250*	3.7%	\$ 0.44b.	-\$ 659m.	\$ 4.8b.	28.7%
Bangladesh	\$ 208	3.3%	\$ 1.7b.	-\$ 306m.	\$ 11.9b.	7.4%
Vietnam	\$ 200	3.8%	\$ 1.9b.	-\$ 440m.	\$ 15.3b.	78.9%
Laos	\$ 180	4.0%	\$ 0.08b.	-\$ 65m.	\$ 0.7b.	10.4%
Nepal	\$ 160	4.0%	\$ 0.24b.	-\$ 279m.	\$ 1.7b.	15.4%
Afghanistan	\$ 150*	-2.2%	\$ 0.25b.	-\$ 142m.	\$ 1.6b.	56.7%
Cambodia	\$ 150	5.0%*	\$ 0.04b.	N. A.	\$ 1.4b.	150%
Mongolia	\$ 100*	-18.0%	\$ 0.44b.	-\$ 100m.	\$ 7.1b.	130%

Compiled from the latest available national and multilateral data. Gross Domestic Product (GDP) is the value of all goods and services produced in a country in one year. Gross National Product (GNP) per capita is GDP plus or minus the surplus or deficit in trade in goods & services (Current Account) divided by population. Consumer Price Index (CPI) measures one year's price changes in goods & services bought by a typical household. N. A. Not available 0† Net creditor Best estimate.

Source: Asia Week

Organization of societies should be undertaken by the Department for Cooperative Development. Monetary assistance could be provided by the People's Bank thereby promoting the cooperative system which is one of its major objectives.

Second Stage - Savings Fund

The second stage of Janasaviya is the compulsory saving of Rs.25,000/- at the end

of two years. On maturity, Rs.250/- per month will be paid while the receipt issued for the savings fund could be utilized as security for obtaining a loan from a state bank to start an income generating project. In addition, recipients can obtain loans from the state banks once they are registered under the programme in order to start a project according to their skills before the completion of

two years. Table 4 shows the number of loans obtained from the People's Bank and Bank of Ceylon under this scheme. (See Table 4).

The fund will keep on increasing during a period of 2 years till it reaches the estimated target at the end of this period.

Hence, providing loans for the recipients by taking into consideration the estimated increase in the savings fund is a most significant concept. This system is similar to savings accounts which is connected to lending procedures of the State Banks. Investment savings of the People's Bank is one such example. Repayment of the loan and enhancing security through investment savings both take place simultaneously. 'Grameen' Banking System of the Bangladesh has similar characteristics.

This system is proposed with a view to eliminating the constraints faced by the recipients in producing surety in order to obtain loans. The compulsory savings scheme introduced under the second stage provides relief particularly to the poorest of the poor who have not been able to obtain loans due to the inability to produce surety. They can obtain direct loans under this schemes.

Granting of Advances

The state banks utilized the prevailing start up loans in order to provide loans to the Janasaviya recipients.

Based on a random sample, a study was done on the loans granted and projects implemented focussing attention on following points:

1. Weaknesses of the selected projects.
2. Marketing problems.
3. Unavoidable constraints.
4. Organization and planning.
5. Political reasons.

1. Weaknesses of the selected projects:

The recipients were not provided any guidelines with regard to the selection of projects hence, they merely followed the others or selected the projects according to their knowledge. They were totally unaware of the basic characteristics of identifying a project. Further, they did not have a proper idea about the market demand and, as a result large scale production led to marketing problems. The projects were not viable as they did not have any idea about the current requirements of the area or the knowledge to produce goods to meet the demand of other

**LOANS BY BANKS TO JANASAVIYA RECIPIENTS
SAVINGS & CREDIT – ROUND 1**

A.G.A. Division	BANK OF CEYLON			PEOPLE'S BANK			C. R. B.	
	No. of Loans	A'nt Rs. mn	Recovery Rate	No. of Loans	A'nt Rs. mn	Recovery Rate	No. of Loans	A'nt Rs. mn
01. Agalawatte	2050	11.64	42%	1091	5.40	61%	90	.39
02. Akurana	737	7.01	48%	551	3.58	78%	55	.35
03. Aranyake	1438	10.12	56%	968	6.25	63%	349	1.97
04. Divulapitiya	3089	23.04	63%	1662	13.85	55%	-	-
05. Elahera	925	5.17	89%	942	8.18	42%	-	-
06. Embilipitiya	2228	19.08	41%	2009	17.72	-	01	0.1
07. Galewela	1268	9.06	64%	1507	14.60	65%	66	0.42
08. Hakmana	863	6.16	71%	516	3.19	82%	516	3.19
09. Hambantota	961	6.96	66%	265	1.81	76%	367	2.05
10. Hanwella	3342	21.35	61%	2192	19.35	44%	-	-
11. Horowpathana	1616	19.35	29%	1139	9.95	53%	-	-
12. Karuwelagaswewa	705	7.11	44%	870	5.00	40%	562	3.96
13. Kobeigane	1633	15.84	77%	679	4.96	70%	140	0.95
14. Madulla	1314	10.14	66%	862	5.57	61%	142	1.34
15. Niyagama	1025	7.19	81%	485	3.60	64%	41	0.21
16. Padiyatalawa	237	1.54	60%	358	3.47	32%	-	-
17. Potuvil	507	6.42	87%	-	-	-	-	-
18. Ridimaliyadde	1499	9.50	55%	1233	6.23	29%	29	0.06
19. Suriyawewa	-	-	-	809	5.96	42%	1033	6.47
20. Thiruookovil	-	-	-	-	-	-	-	-
21. Town & Gravets	2878	39.61	41%	752	8.63	49%	-	-
22. Walapane	959	11.96	52%	1501	10.81	59%	134	1.12
TOTAL	29,346	248.86	55%	20,602	159.20	57%	3,525	22.51

Table 4

**LOANS BY BANKS TO JANASAVIYA RECIPIENTS
SAVINGS & CREDIT – ROUND 2**

A.G.A. Division	BANK OF CEYLON			PEOPLE'S BANK			C. R. B.		R. R. D. B.	
	No. of Loans	A'nt Rs. mn	Recovery Rate	No. of Loans	A'nt Rs. mn	Recovery Rate	No. of Loans	A'nt Rs. mn	No. of Loans	A'nt Rs. mn
01. Gallgamuwa	586	2.91	76%	859	6.11	76%	726	3.32	89	0.21
02. Hingurakgoda	362	3.01	91%	219	1.76	45%	1793	12.94	-	-
03. Homagama	192	2.48	65%	715	4.87	78%	1207	8.2	-	-
04. Hanfuranketa	258	1.61	58%	386	1.95	61%	1379	8.46	612	3.21
05. Kandekatiya	96	0.53	14%	182	0.84	43%	436	2.2	149	0.85
06. Kolonne	580	2.77	64%	325	1.17	51%	665	3.98	32	0.16
07. Kotawehera	158	1.83	71%	259	1.61	82%	636	4.40	96	0.90
08. Karadeniya	434	2.91	83%	453	2.48	83%	801	6.01	178	0.52
09. Kamburupitiya	31	0.28	-	174	1.12	79%	2267	14.75	110	0.71
10. Katuwana	328	2.29	91%	513	3.24	86%	1601	7.95	146	0.73
11. Laggala	120	0.70	58%	-	-	-	2877	27.00	48	0.30
12. Mirigama	849	7.3	58%	1093	7.10	89%	3211	21.1	-	-
13. Mahaoya	-	-	-	402	4.45	30%	-	-	-	-
14. Nikaweratiya	206	2.02	67%	278	1.54	80%	635	4.40	108	0.78
15. Nawagamuwa	57	0.39	63%	403	2.92	74%	1315	05.20	1255	2.36
16. Pujapitiya	474	3.74	98%	1923	12.57	90%	1513	10.67	90	0.87
17. Rambewa	-	-	-	825	4.85	80%	1780	08.93	58	0.24
18. Siyabalanduwa	125	1.15	35%	814	5.73	15%	852	7.1	-	-
19. Trippane	73	0.87	44%	-	-	-	1512	21.00	319	2.55
20. Ududumbara	295	1.87	87%	-	-	-	753	04.95	352	1.84
21. Walalavita	602	2.91	65%	152	0.44	79%	623	5.3	-	-
22. Wilgarnuwa	-	-	-	1022	5.83	63%	-	-	-	-
TOTAL	6144	41.49	65%	11,087	70.59	72%	28,582	188.22	3840	17.07

TABLE 4 - B
LOANS BY BANKS TO JANASAVIYA RECIPIENTS
SAVINGS & CREDIT - ROUND 3

A.G.A. Division	BANK OF CEYLON			PEOPLE'S BANK			C. R. B.			R. R. D. B.	
	No. of Loans	A'nt Rs. mn	Recovery Rate	No. of Loans	A'nt Rs. mn	Recovery Rate	No. of Loans	A'nt Rs. mn	Recovery Rate	No. of Loans	A'nt Rs. mn
01. Anamaduwa	35	0.54	-	48	-	0.5	294	2.32	-	178	1.46
02. Bbile	-	-	-	70	-	0.3	48	0.30	-	11	0.06
03. Bulathsinhala	-	-	-	12	-	0.1	160	0.60	-	-	-
04. Habaraduwa	128	0.42	-	307	-	1.2	67	0.08	-	-	-
05. Kolonnawa	61	0.35	-	166	-	1.5	104	0.60	-	-	-
06. Kundasale	-	-	-	163	-	1.4	1357	10.09	-	37	0.37
07. Kotmale	-	-	-	116	-	1.3	808	4.45	-	-	-
08. Kellitigollawa	-	-	-	110	-	1.2	11	0.05	-	-	-
09. Minuwangoda	-	-	-	-	-	-	87	0.50	-	-	-
10. Minipe	-	-	-	-	-	-	670	4.38	-	-	-
11. Mulatiyana	-	-	-	-	-	-	40	0.75	-	12	0.04
12. Mahaku'la	-	-	-	-	-	-	-	-	-	207	1.65
13. Madirigriya	-	-	-	-	-	-	51	0.30	-	-	-
14. Mawanella	-	-	-	-	-	-	04	0.02	-	04	0.01
15. Maho	74	0.64	-	13	-	-	-	-	-	25	0.24
16. Pallepola	-	-	-	87	-	0.6	250	1.33	-	-	-
17. Palama	-	-	-	52	-	0.3	-	-	-	24	0.35
18. Poptigama	02	0.23	-	142	-	1.4	187	0.94	-	-	-
19. Palugaswewa	-	-	-	71	-	0.9	-	-	-	-	-
20. Soranatot	-	-	-	99	-	0.6	91	0.50	-	-	-
21. Tissamaharama	-	-	-	35	-	0.2	35	0.51	-	30	0.19
22. Weligepola	-	-	-	264	-	1.3	159	0.78	-	10	0.02
TOTAL	300	1.98	-	1756	-	12.8	4371	28.50	-	538	4.38

Table 3

Janasaviya Programme

Basic statistics on the consumer need under one round of the Janasaviya

<i>Item</i>	<i>Units</i>	<i>Total</i>	<i>Item</i>	<i>Unit</i>	<i>Total</i>
1. Rice	Met.tons	8832	14. Fish	Met.tons	384
2. Sugar	"	480	15. Clothing	Metre(millions)	0.576
3. Cowpea	"	384	16. Exercise books & Pencils	Millions	0.432
4. Green gram	"	576	17. Agricultural implement	Units	30,720
5. Red onions	"	192	18. Umbrellas	Units	11,520
6. B'onions	"	192	19. Technical equipments	Units	960
7. Potatoes	"	288	20. Fertilizer	Met.tons	2,112
8. Vegetables	"	960	21. Kerosene oil	Litres (Millions)	0.576
9. Fruits	"	96	22. Clay pots, plates & aluminium goods	Units	268,800
10. Coconut	Millions	1.92	23. Mosquito nets	Units	1,920
11. Dry fish	Met.tons	192	24. Brooms, Ekel brooms	Units	9,600
12. Vitamilk	Packets	96000	25. Coir	Met.tons	7.68
13. Eggs	Millions	0.96			

25 Districts	28 AGA Divisions	188,945 Families	47 Multi Purpose Co-operative Societies		

areas. Unplanned production led to accumulation of stocks and the failure of projects. The Janasaviya recipients were not aware that the goods should be produced according to the market demand. However, proper guidance was not provided and no attempt has been made to remedy this situation up to now. The state banks tried to implement the Janasaviya programme only through providing quick financial assistance without identifying or evaluating the projects which led to the failure of most projects.

Another reason contributing to the failure of projects was the unavailability of raw materials because the recipient lacked the basic knowledge that the selection of projects had to be based on the resources available in the respective areas. Furthermore, most recipients lacked the technical know-how particularly with regard to producing high quality goods under a perfect market competition. They were only interested in producing goods and were unaware that goods need

to be sold at the market. Despite the facilities available for the development of the technical knowledge and skills of the recipients, due to lack of commitment of relevant organizations goods produced were of low quality and as a result remained unsold. The end result was that the loans obtained for such projects could not be settled and were considered as past dues.

2. Marketing problems

Marketing problems can be identified as a major reason for the failure of Janasaviya projects. Lack of an organized marketing system and absence of marketing organizations to purchase the goods were the main reasons contributing to this situation. Constantly production was higher compared to the demand prevailing in the relevant area and lack of marketing organizations to purchase and distribute the excess contributed to the stagnation of goods.

However, this situation will not arise if the above mentioned apex cooperative societies can be set up in all administrative districts.

A major problem is that, the purchasing centres already in operation have not been able to provide a solution or achieve the objectives set out under the Janasaviya programme. There were many instances when these purchasing centres have functioned in order to achieve profits like private traders.

Another weakness is that state banks have not taken any steps to remedy this situation. This situation would not arise if financial aspects of the marketing problems were taken into consideration in evaluating the projects. Apex cooperative societies can be set up as a viable solution for the marketing problems, it will eradicate the exploitation of recipients and generate a reasonable price and facilitate marketing. Setting up of marketing centres on an Islandwide basis would facilitate the production of goods to meet the demand of the entire country. Remedial measures have to be taken immediately to prevent the Janasaviya recipient being treated as defaulters.

3. Unavoidable constraints

Constraints related to weather conditions can be identified as the next reason for the failure of projects. The recipients obtain loans mostly for cultivation. The cultivation may be destroyed due to non availability of rain water or due to heavy rains.

Further animal husbandry projects are subjected to various diseases. The recipients engaged in such projects will be unable to pay back the loans if all the animals die of a disease.

If Janasaviya projects are unsuccessful due to such unavoidable reasons a new loan scheme should be implemented for the rehabilitation of projects without considering the recipients as defaulters. The credit system of the state banks should be organized to meet this need. The project rehabilitation loans granted by the Grameen Bank of Bangladesh can be used as a model for organizing a suitable scheme for Sri Lanka.

The Agricultural Insurance Board can play a major role to remedy this situation by educating and assisting the recipients with regard to selection of a suitable insurance scheme.

Case Study

**Project loans for Janasaviya recipients
Hanwella AGA Division**

Our study was based on the Hanwella AGA Division which occupied an important position under the first round of Janasaviya. The major reasons being the awarding of the highest financial assistance for the Hanwella AGA Division and its close proximity to Colombo.

This AGA Division consists of 104 Grama Wasams supervised by a Grama Seva Niladari.

Of the total population of the Hanwella AGA Division, 85% consist of rural population while only 15% is urban inhabitants. With regard to the literacy level, about 90% of the population have obtained school education and 76% have received secondary education. Half of the total population of the area has studied up to G.C.E. ordinary level.

However, their knowledge with regard to business and industries is marginal and only 35% has received any training with regard to technical skills. Only 7% possess trade experiences.

Financial assistance was provided by Bank of Ceylon and People's Bank for new projects implemented by Janasaviya recipients and also for the projects already in progress in the Hanwella AGA Division and loan schemes designed by the relevant banks for other purposes were utilized to pay the advances and loans for the Janasaviya recipients. We give below the details of the loans granted by Bank of Ceylon and People's Bank at the time of our study.

These projects can be categorized into the following fields:

	Quantity:
Bank of Ceylon	
No. of loans granted - 3,342	Rs. 2,13,50,000
People's Bank	
No. of loans granted - 2,192	Rs. 1,93,50,000
1. Industries	
2. Animal husbandry	
3. Trade	
4. Agriculture	

Development of the Industrial sector

There were 12 minor industries
Sewing of clothes, Weaving, mining, making of brooms, ekal brooms and coir

matresses, carpentry and wood carving, home decor and wall hangings, manufacture of sweets, flower pots and cement blocks.

Animal Husbandry

Rearing of chicken and goats to obtain meat and cows for milk.

Trade

Trade activities were as follows:

Marketing of milk, fruits, ready made garments, clothing and fish, purchase and sale of paddy and sale of packeted spices.

Agriculture

Majority of loans obtained by the Janasaviya recipients were for the cultivation of vegetable and loans were also obtained for the cultivation of bananas.

The quantity of loans is about Rs.8,000/- according to the advances paid.

Only 75% of the Janasaviya projects were in operation after the awarding of loans. The percentage distribution of loans is given below:

Industries	45.7%
Animal husbandry	28.3%
Trade	23.9%
Agriculture	2.2%

About 50% of the project in operation have achieved good results while constant assistance should be provided for the rest after a proper evaluation. Further, the absence of organized programme to rehabilitate and restart the totally unsuccessful projects and those which have ceased to function was evident.

Repayment of Loans

With regard to repayment of loans the Bank of Ceylon has shown a satisfactory position. Sixty one percent of the loans granted by the Bank of Ceylon were repaid while the rate of repayment was 44% with regard to the People's Bank. (Please see the tables).

About 12% of the recipients have totally refrained from repaying the Janasaviya loans the reason being the total failure of projects.

The Savings Trend

The savings of the recipients are calculated by deducting the cost of production and basic expenses of the family from the income earned by marketing the goods. According to our adhoc survey based on the income levels, the recipients are in the habit of saving a section of their income earned from 75% of the projects operation.

4. Organization and Planning

The major problem which has led to other difficulties is the absence of a separate official and an office for implementation of the Janasaviya and, lack of coordination between the organizations and financial Institutes providing assistance. Through proper coordination the assistance of the Industrial Development Board can be obtained with regard to promoting awareness on the identification of projects and technical know how for the production of high quality products. Further, better results could be gained by coordinating the activities between the Janasaviya officials and the financial Institutes. The Janasaviya official could play a major role with regard to evaluation of the projects prior to awarding assistance and once financial assistance is made, encouraging the payment of loans and suggesting timely, remedial measures with regard to crop failures and diseases. Such actions will undoubtedly assist the Institutes providing financial assistance for Janasaviya. However, under the prevailing system such services cannot be performed by the Grama Seva Niladari as it will lead to the disruption of other duties performed by him. Janasaviya offices should be started in each AGA's Division while a special officer should be appointed for each Grama Seva Vasam. This field officer should have a knowledge about identification of projects, organization evaluation and coordination of activities with a total commitment towards developing the country and uplifting the living conditions of the villagers.

If these improvements could be effected even after completion of the 3rd round of the Janasaviya the success of this important concept could be witnessed by the entire world.

5. Political Reasons

Another reason which has contributed to the failure of the Janasaviya is the prevailing political atmosphere of the country. Since the political system is based on a party system the opposition is most likely to oppose any new concept introduced by the ruling party. This situation has affected the Janasaviya programme too.

Although all political parties declare that they are committed towards eradication of poverty they often criticize and instil false fear into the minds of the people. There were instances where the recipients were encouraged to refrain from paying the debts obtained under the Janasaviya programme. It should be mentioned that the state banks have been

Cont. from page 31

discouraged to grant loans as the percentage of repayment was recorded to be at a very low level.

There are common characteristics to all developing countries with regard to planning

of the development process, implementation and evaluation of its success.

Eliminating the weakness of each development project and taking remedial measures through discussions have come to a standstill due to the fear and belief that privileges enjoyed by the bureaucracy and their importance with regard to the duties performed

in connections with the development process would cease if the country is fully developed by persuing a development concept with total commitment.

We wish that a similar situation would not affect the Janasaviya programme which is committed to the eradication of poverty in Sri Lanka.
