

# **Sri Lanka: Economic crisis: Dire need to support vulnerable groups**

Monday 13 June 2022, by [GUNASEKARA Skandha](#) (Date first published: 12 June 2022).

- **Urban poor to face significant hardships**
- **1 in 5 children from vulnerable communities may suffer from malnourishment**
- **Work availability affecting livelihoods, food security of plantation workers**
- **Plantation workers need land to grow for themselves**
- **Reintroduce price controls for essential foods: Karin Fernando**
- **Cash transfers to identified groups recommended**
- **Plans to increase informal sector salaries by Rs. 5,000: Labour Min.**

Sri Lanka's most vulnerable groups - those employed in the informal and plantation sectors - will be the most affected due to the economic crisis, experts opine.

Such vulnerable groups would need assistance to face the economic challenges and recover.

According to the Labour Force Survey done by the Department of Census and Statistics (DCS), as of 2020, the contribution of informal sector employment to the total employment in Sri Lanka was about 58.1%. The survey results also revealed that 89% of agricultural employment comprises informal sector employment.

In addition, in the Household Income and Expenditure Survey 2019 of the same department, the average monthly income of the poorest 20% was Rs. 17,572 while average monthly income of the poorest 40% was Rs. 26,931.

In contrast, the average monthly expenditure for 2019 on food and non-food items in urban areas was Rs. 26,907 and Rs. 68,485 respectively. The average monthly expenditure in rural areas on food was Rs. 21,259 and non-food was Rs. 36,392 while the average expenditure on food in the estates was Rs. 19,615 and non-food items was Rs. 18,904.

However, these statistics are likely to have seen a drastic increase with food inflation last month (May). Many predict it to be closer to 50%.

Low-income groups compelled to cut down meals

Institute for Policy Studies (IPS) Director - Research Nisha Arunatilake said the food shortage was one of the main issues currently faced by low-income groups; many had cut back on food items such as meat as far back as February this year.

"Food security is important, particularly with prices rising. We did a small survey in February and people in the low-income groups had completely stopped eating anything from outside home. The urban poor who used to eat fish and meat two to three times a week have cut down to maybe once a week. They have also cut down on the number of fruits and vegetables they eat. This was in February. By now it must be a case of not eating any meat at all and having dropped the number of

meals to two a day at the most.”

She pointed out that the urban poor would be the most affected by the food shortage, since in rural areas people were able to grow vegetables in their gardens and cultivate if they had land.

“Food security is somewhat alright in the rural areas because they can cultivate and have access to some homegrown food. The Government should promote this as much as possible. However, it is a bit more problematic in urban areas. They are already providing subsidised food rations from the Sathosa outlets, but what I find is that there are shortages there too.”

Noting that soup kitchens may not be practical considering the financial constraints and the Government’s general lack of coordination, Arunatilake said that at least kerosene should be provided to those in urban areas - as they have far less access to firewood - to cook whatever food they can, as prolonged malnourishment can have long-term consequences, particularly in the young.

When it came to coping mechanisms such as cutting down on meals and certain foods, Arunatilake said: “These kinds of coping mechanisms affect the nutrition intake, and nutrition was already a problem in Sri Lanka. About one out of five young children are malnourished in certain aspects of nutritional categories, so this is a big problem that can have long-term repercussions and affect their productivity and learning abilities as they grow up.”

Estate sector struggling to survive

In the estate sector, there are 169,000 labourers and about 70,000 families, National Institute of Social Development Executive Director Muthulingam Periyasamy told *The Sunday Morning*.

He pointed out that a survey they did in 2020 revealed that a family of four needed an average of Rs. 28,000 per month to survive at the time, and that this expense would have doubled by now.

“In 2020 we did a survey, and a family of four needed Rs. 28,000 to survive. This was for the bare minimum essential goods and products. Now that amount must be much higher, and I would estimate at least Rs. 45,000-47,000 a month is needed for a family of four. Even if two people in the family work 20 days a week, they will still only make around Rs. 40,000, and that also in the months there are 20 days of work. However, most of the time only one family member works the fields.”

He said the number of working days would reduce for the estate workers in the coming months and that they had already reduced the number of meals per day to just one on most days of the week.

“They are given Rs. 1,000 per day. In the past few months, the workers have had 20 days of work but this will decrease in the coming weeks, because the tea yield will go down. Right now they are eating only one meal a day most of the time. They will have breakfast in the morning and then go to work. Lunch and dinner will be skipped. Weekends they might have two meals if they can afford it.”

He pointed out that the flour shortage had affected the estate workers the most when it came to nutrition, as it was their main staple food.

“Their main staple is flour and flour prices have skyrocketed. Not only that, there is now a flour shortage so even those who can afford to buy some are unable to do so. They have switched to rice, but one kilogramme of nadu rice is Rs. 230 and a single person in a family needs about a kilo of rice for the month.”

Periyasamy proposed that the Government should provide small plots of land for cultivation so that estate workers could grow some of their monthly food needs themselves.

“The Government can give small plots of lands to the estate people to cultivate their own crops for their subsistence. There was such a practice under British rule where estate workers had access to land for dairy farming and vegetable cultivations.”

Avenues of support for informal sector

Meanwhile, Centre for Poverty Analysis Senior Researcher Karin Fernando suggested a mechanism where informal sector workers are guaranteed some days of work, or are subsidised for those number of days.

“If there’s a way, a few working days should be guaranteed, or even a few days of work be subsidised. The problem with the informal sector is that, unlike the formal sector where certain laws can be applied easily, the informal sector is based on the way the companies decide to work. Even these companies are struggling to operate.”

She said that in terms of affording flour, rice, or other essential food items, price controls should also be reintroduced to ensure accessibility. She also said a coupon system could be put in place, and that these coupons could also be used to obtain services.

“Some form of handouts will be necessary but attention must be paid to who receives the handout. A coupon system for food at least would definitely be necessary. Coupons also can be extended to services such as health services. Even though health services are free, we might have a medicine shortage, so maybe the coupons can work for medicines as well.”

While noting that cash transfers was another option, Fernando urged authorities to ensure transparency and mitigate mismanagement.

“The point is making sure that whatever system is utilised is strengthened, and corruption and mismanagement is reduced. It is not about whether you control how the person who gets it uses it. So when you give the cash transfer, then the control of it is in the user’s hand. As a service provider it is the Government’s responsibility to make sure that they give the best system possible.”

Meanwhile, Minister of Labour Manusha Nanayakkara told The Sunday Morning that the Government was looking to increase informal sector workers’ salaries by Rs. 5,000.

“However, we have to discuss the matter with all parties concerned and make a decision. We are currently in the process of doing so,” the Minister said.

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