

THE IMPACT OF RISE IN FOOD PRICES ON URBAN POVERTY IN SRI LANKA (WITH SPECIAL REFERENCE TO COLOMBO URBAN AREA)

Shohani Upeksha Badullahewage

Department of Economics, Faculty of Humanities and Social Sciences,
University of Sri Jayewardenepura, Gangodawila, Nugegoda, Sri Lanka

Abstract

There are various reasons that are responsible for the poverty and a person is said to be poor when he is not able to afford the basic necessities of the life. The lack of inability to have a sustainable standard of living causes poverty and the concept of urban poverty has also increased as there is a lot of poverty that is being seen in the urban areas as well. The impact of rise in the food prices in the country there by has a huge impact on the urban poor and because of the regular food inflation, the poor tends to become poorer. In this research, exploring the reasons behind the food price inflation and how do they affect the urban poor of Sri Lanka will be discussed and analyzed. The comparison of the inflation among different countries as well as of the last years has also been done in order to draw better results and conclusion about the current impact of it. The main objective of the research is to analyze the reasons and outcomes in an effective and efficient manner in order to get a better understanding regarding the subject matter.

Keywords: Impact, Food Prices, Rise, Urban Poverty,

1. Introduction

1.1 Problem Statement

The rise in food prices has a major impact on the economy of any country. The economic development of every country depends upon the status of its residents which further is dependent upon various factors affecting the country like inflation, economic stability etc. The overall household welfare gets tremendously reduced if there is an increase in the food prices in economy; the affect is especially more on the poor households. Sri Lanka is one of the developing countries of the world and thus rise in food prices will thus cause various unwanted situations like poverty, starvation, malnutrition, and various other serious crisis. Food inflation in Sri Lanka has eventually increased over the years reaching to 14.11 % in December 2017 as compared to 6.31% in 2009 (Tradingeconomics.com, 2018).Such food inflation in the country has thus resulted to the increase in the poverty over the years. When there is a rise in the food prices, it has a direct impact on the standard of the living of the people. This sudden increase in the prices makes the people more vulnerable and also risk to hunger. It has been stated by the Ministry of Health and the department of Census and Statistics in Sri Lanka that the painful food prices has a direct negative impact on the dilatory quality of the populace. The problem of high food prices has a direct impact on the people already facing poverty as their available income

suffice to meet the basic amenities of life such as clothing, safety, electricity etc. The poverty here does not only signify the rural poverty, but also the poverty that is being faced by the urban areas known as urban poverty. In Sri Lanka, the urban poverty is most prevalent in Colombo; there had many policy and procedure interventions that had also been implemented like the poverty reduction strategy that had the main aim of mainstreaming the poor into growth by development in opportunities. It was initiated in June, 2002 and had components of analyzing various aspects causing poverty in the city and working for them (Tudawe, 2011) this included reducing poverty through the private sector led growth and development. The implementation of the strategy was not quite effective due to non-continuity of institutional arrangements and not prioritizing the feasible and required actions with the concerned action plan. Apart from this, The Samurdhi Program was also initiated which aimed at infrastructural development at a good level. But, despite this there were no major changes that were seen in the poverty reduction because the program had various weaknesses like minimal impact, increasing administrative and other related costs. The execution of the project had also not been very favorable as it had been expected to be. The returns of the program were not quite effective and efficient. Thus, the global economic crisis became one of the major issues. More than the global economic crisis, food crisis is therefore a more serious problem that is faced by the Asians.

1.2 Objective of the Study

In Sri Lanka, the inflation in the food prices has shown arise dealing to various problems being faced by the country as a whole. This document will analyze the impact of such rise for the urban poor giving a special reference to the Colombo sub urban area. The poverty situation of the country would be explained while analyzing how much this factor plays a role in the economic situation of the people living in the country.

1.3 Literature Review

1.3.1 Introduction

The definition of poverty varies from country to country depending upon the situations and circumstances going on in the country. According to The World Bank, extreme poverty means living on less than US\$1.90 per day (PPP), (purchasing power parity) and moderate poverty means living on less than \$3.10 a day. This has been given by analyzing the values and level of poverty from a global point of view and not from a specific point of view, thus making it more reliable and sustainable. Sri Lanka had initially faced the low rates of urbanization although in mid 1980s, the urbanization increased in the major cities like Colombo has experienced a rapid growth of its wider suburban areas. After the growth of the urbanization in the country, there were various crisis also faced by the economy one of the major being, the poverty. The definition and measurement of the poverty in Sri Lanka is based on the household expenditure on the food. Half of the population of Colombo lives in what are termed under-served settlements which are there by characterized by poor-quality, overcrowded housing lacking adequate provision for infrastructure and services, thus causing various problems and consequences leading to the urban poverty (Romeshun and Mayadunne, 2011).

The analysis of poverty in Sri Lanka is done through two main aspects which are through defining it and then measuring it. It has been analyzed that most of the Sri Lanka's poor are in cities or near the cities. It has also been stated in context to it that without the steady annual currency depreciation and inflation, governments tend to lose their most powerful tool to destroy real wages to lower living standards and generate poverty. The living standards of the people are dependent upon their respective earning capacities and because of the inflation which becomes worse (Economynext.com, 2018). For the measurement of adequate poverty in the country, the dimensions have eventually broadened up. The basic needs of nutrition, health, education, shelter, safe water have been under focus for the period. In Sri Lanka, the areas which are administered by municipal councils as well as urban councils, comes under the definition of the urban sector and In Sri Lanka, Colombo is the most urbanized district, which contains almost 86 percent of the total urban population (Berner, 2017). It has been indicated that the urban sector of the country, tends to spend a large proportion of the total expenditure on non-food consumption.

1.3.2 Food price inflation

The continuous and persistent inflation of the food prices creates harmful impact on the poor and it also tends to lower the progress and achievements that were a part of combating poverty. As a result of the immediate rise in the food prices, the households that are above poverty also tend to fall in to the poverty leading to the disturbances. Because of the price inflation, the real wages gets declined which further reduces the overall economic growth and also results in the low consumption (Lock, 2009). The purchasing power of the given nominal income gets low because of the price inflation. Poverty in Sri Lanka has risen over the years as it is still a developing country. The data reveals that about 6.7 percent of the share of the population was below the poverty line few years ago, which is comparatively very higher to other countries. Poverty in Sri Lanka has effects on various related aspects, one of them being hunger and malnutrition. The main causes of poverty in Sri Lanka are living far from a commercial center, employment in agriculture, being born into an impoverished family and an inadequate education system. Although it has been a matter of grew at national concern that poverty should be eradicated from the country. It has been revealed and studied that in Colombo; about fifty percent of the overall city population is living in under service settlements which are known as living in low income settlements. The population of urban poor residing in the city has thus also increased. The urban poor of Colombo are mainly those involved in activities in the informal sector and workers in the main city institutions such as the port, industries, the railway, the markets of the city, the municipality and hundreds of other formal and informal ones institution(Ucl.ac.uk, 2018). The concentration of such people is mostly in the areas of slums, low cost flats and shanties. The urban poor settlement in Colombo is not adequate thus leading to the poverty and lack of proper facilities availed by such persons. Thus when inflation on food prices strikes up, these poor households become unable to even fulfill the basic necessity and which thus leads and creates to more problems and obstacles. There have many initiatives that had been taken by the Colombo municipality like the Colombo City Project and Focus Research Initiative which aimed at improving the sanitation and basic living conditions of the residents in order to encourage the

positive developments in their living situations but the rate of urban poverty there doesn't show any drastic improvement.

1.3.3 Effect of urban poverty

The effect of inflation on the economic growth of Sri Lanka has not been very favorable and it has been revealed that inflation has been quite harmful to the country and it had caused numerous problems to the people who come under the category of poor. Pace at which the general level of prices for goods and services is rising, and consequently the purchasing power is falling is measured by the inflation. Inflation as which is measured by the Colombo Consumers Price Index (CCPI) in Sri Lanka reflects the total percentage change in the cost to the average consumer of acquiring a basket of goods and services compared to a specific time interval, which is usually a year. The contribution to the increase in the inflation rate is done by food as well as the non-food baskets (Ceylontoday.lk, 2018). It has also been revealed that over the years, Colombo has seen various phases which had higher inflation rate thus making difficult for the rural as well as urban poor to survive. There are various factors which eventually affect the general price in Sri Lanka. The Monetarist theory of the excessive growth is one of the many explanations for the continuing increase in the price levels. The growth in all monetary aggregates has therefore been the consequence of financial deregulation in Sri Lanka (V. Cooray, 2008). The impact of food price inflation on the South Asian countries had huge crises around 2007-08. This became the general driver of inflation overall, although the wide range of policies and procedures were taken out at this level but the food price inflation had a severe impact on the people especially the poor ones. It has been revealed that for the average household in Sri Lanka, food takes close to the half of total spending of the people. The poor population therefore becomes very vulnerable at the rise in the food prices. As the result of this food price inflation, the people who were not previously not around the poverty line have tended to fall under the poverty line because their income had been spend upon buying the food at the higher prices. The increase in the poverty head count ration in Sri Lanka is duly caused by the food price inflation thus making the poor poorer. It has been revealed that the effect of it had been more to the urban areas than in rural. When people despite living in the urban areas become unaffordable to fulfill their basic needs like buying themselves food, this thus results in the urban poverty across the country (Dorosh, 2009). Sri Lanka has been seen facing the problem of urban poverty more especially in the city of Colombo. It is the most urbanized city and thus it also has many poverty problems and circumstances in it.

1.3.4 Cost of living for the urban poor

The cost of living in Colombo has eventually become very much higher and costlier over the gone years. The urban poor face a lot of trouble and difficulties. Food is the basic need of any person, without it the survival of the person becomes hard. One of the many reasons that have contributed towards the rise in the food prices in Colombo is the flawed policy of protectionism. Also because of being immensely affected by a series of the calamities like floods, landslides and droughts, food supplies have ultimately been a victim and triggered a rise in the domestic prices. In order to meet the requirements of wheat, maize and rice, for the domestic purpose, the country

is not completely self-sufficient and thus it depends upon the imports (Sunday Observer, 2018, February). This is also one of the reasons of the high food prices in the country leading to terribly affect the people going through poverty. Persistent rise in the prices of basic necessities causes not only the problem for people but also, affects the economic growth of the country as a whole. The consequences of the sharp price rise have various issues at the end. One of the main reasons for this problem is also the continuing and ceaseless population growth in the developing countries like Sri Lanka which thus flattens the yield growth. The consequences of the food price inflation have a direct impact on the people whose majority of the income is spent on the food only. The co influence of a number of short as well as long factors causes a swift rise in the rise of the food grains generally. Food grains are the most essential and pivotal part of the food which every household requires in order to survive. The rise in the price of food grains has an immediate and sudden effect on the poor people. Although, there have been implementation of various schemes for the lower price of food grains to the poor, but still it does not have the same effectiveness. As an impact to the food value crises, the rate of malnutrition in the country has eventually gone up causing various health issues to the people residing in the country. The poverty change in Sri Lanka has gone up to 1.44 percent that is even above the world average even for the low income countries (Koralagama and Sandika, 2013). Because of this fact, the expenses of the poor households goes out as they could not afford the food price, which further deteriorates their health causing various health problems and they become unable to survive better.

There is an adverse impact on the standard of living of people because of the inflation in country. It has been measured by the Colombo Price Index that the rate of inflation has tended to remain high particularly during the post liberalization era which has thus created a bigger problem for the economy on the whole. The basic main determinants of inflation in Sri Lanka are depreciation of the exchange rate and money supply growth while the increase in the price of food prices is also one of the major determinants. Every factor has its own impact on the rate of inflation in the country (Jayawardana and Jayasinghe, 2016).

2. Methodology

2.1 Introduction

This study is based on the analysis of impact of rise in the food prices on the urban poor in Sri Lanka. The main emphasis of this study is given to the poor people who are residing in the urban areas and thus known as urban poor. In Sri Lanka, the main urban poverty is seen in Colombo. This city has a lot of urban poor population surviving in it. Thus, for the purpose of this studies all the impacts and all the factors which have a direct control on the situation of the poor people have there by been studied. The data has been analyzed giving the world poverty level compared with the overall level of Sri Lanka. Since, the situation of the urban poverty in the country has to be analyzed of the past various years as well as the impact of various factors such as inflation has to be studied, the main data that was utilized for the completion of this study has been the secondary data. There are various ways of gathering the secondary data which were utilized in this study. The secondary data sources which were mainly utilized were journals, reports,

articles, newspaper publications, etc. and they delivered the adequate information that was supposedly required for analyzing this study. It was made sure that the data of relevant years have been gathered and put to use for the completion of this study and the usage of various publications have been referred in an adequate manner.

2.2 Secondary data

The data has been obtained from the monthly bulletins as well as the annual reports of the Central Bank of Sri Lanka and the International Financial Statistics. The annual reports of the Central Bank provided the detailed information about the level of Sri Lanka in terms of poverty and inflation. Annual, quarterly as well as monthly data assisted in extending the useful information in context to this study. Data in relation to the Colombo Consumer Price Index, money supply, exchange rate has been utilized. The usage of various journals and publications was done which provided the information in relation to the poverty in the urban areas of the country as well as the effects of the poverty in the sub urban areas of Colombo.

The most prominent factors that play a major role in the rise in the food prices in a country are inflation, exchange rate which have been studied through various online sources available. The effect of inflation in different countries has different result and therefore for this reason, it is important to study the online sources available in an effective manner. In order to conduct the study, it was first important to know the relationship between inflation and poverty as then only the impact of the inflation in food prices in the country could have been known in a required and detailed manner. Both dependent as well as independent variables are one of the pivotal aspects for conducting any of the research. For this research inflation as well as consumer price index had been chosen as the main independent variable and absolute poverty level as the main dependent variable. There are various reasons that are responsible for poverty in a country and it is important to analyze and study them in order to which are the positive reasons and which are the negative reasons. In this research, the main reasons behind the poverty in Sri Lanka, especially in the city of Colombo have been provided through the statistical data which is provided through the census and nationwide poverty reports have also been expressed there by. The secondary sources that have been mainly used for analyzing the impact of high food prices for the urban poor in Sri Lanka are:

- World Bank Report
- Census and statistics
- International and national journals
- Poverty reports
- Inflation index reports
- Articles, publications

The secondary data in this research has been extracted as the research is based on the immediate impacts and which can be only known by using the correct information in the correct manner.

The data source has been generated by analyzing the years of data which was therefore available and through number of observations as well.

2.3 Approach to the research

The main areas for the study of this research have been the analysis of urban poor in the country and the subsequent impact of food price inflation on it. As discussed, various outside sources have been utilized for the purpose of external secondary data. For the purpose of this research, qualitative data has been used as it assists in being more understandable through collection of the raw data. The type of qualitative data collection approach that has been made in to use in this research is structured text, which broadly included the news article as well as books. Various policy documents and reports from a variety of institutions on issues related to the food price inflation have been included in the qualitative data. The research report draws heavily from published reports of institutions that work in understanding and quantifying data on food price inflation and poverty in the country. Through qualitative data, the adequate measurement of the food price inflation was more conveniently analyzed.

As compared to the quantitative data, qualitative data is comparatively more time consuming as it consists of the detailed description, which was there by required for the proper completion of research. The research methodology is thus purely based upon the qualitative method only.

2.4 Limitations

While carrying out this research study, there were mainly following limitations that were faced:

- Availability of secondary data of the particular city Colombo had limited records in various some of the aspects like unemployment rate.
- Reports of various statistical data varied from each other in depicting the original price index.
- Issues related to the measurement of food staples were hard to analyze.

3. Data Analysis

3.1 Introduction

The secondary data has been made used for the purpose of collecting the adequate information for studying the impact of rise in food prices on the urban poverty in Sri Lanka. The rise in the most essential commodity that is food undoubtedly has a huge impact on the nation, especially on the poverty section of the country. In Sri Lanka, most of its urban poor population is tend to be recognized in Colombo and the urban poor are facing various problems in the time of inflation. Under this study, the data has been collected through the secondary sources only which is analyzed as below.

3.2 Variation in consumer prices inflation among different countries

In case of the global inflation, there were various countries that were quite vulnerable about it like Pakistan, Afghanistan, Bangladesh, Nepal and Sri Lanka while India dealt it with a cooperative manner and was relatively successful in fighting the global inflation. When there is a subsequent increase in the general price level in an economy, this situation is particularly known as price inflation.

Table 1. Consumer price inflation of South Asian countries during 2012 - 2018

Consumer Price Inflation n (percent)	2012	2013	2014	2015	2016	2017	2018
Afghanistan	--	6.4	7.4	-0.7	4.4	6.0	6.0
Bangladesh	6.3	6.2	7.5	6.2	5.7	5.7	5.8
Bhutan	4.6	9.3	11.3	6.3	3.9	3.5	4.2
India	6.2	10.0	9.4	4.9	4.5	3.8	4.9
Maldives	4.1	10.9	4.4	1.4	0.8	2.5	2.1
Nepal	6.2	8.3	9.9	7.2	9.9	4.5	6.0
Pakistan	8.1	11.0	7.4	4.5	2.9	4.1	4.8
Sri Lanka	11.1	7.5	6.9	2.2	4.0	6.0	5.0

Sources: World Economic Outlook, IMF, January, 2018

The percentage of consumer price inflation of various South Asian countries has been stated above. The consumer price inflation is one of the major economic indicators which can assist in depicting economic growth and situation from country to country. The above table depicts the consumer price inflation on the basis of year average. The country which has not seen much variation in the percentage rate is Bangladesh, while India has comparatively seen quite variation. The overall outlook for South Asia although remains strong. Recently in Sri Lanka, the weather related supply shocks resulted in development of growth and inflation development in 2017. Like the table suggests, as compared to 4 percent in 2016, the rate increased to 6 percent in 2017. Steps had been taken to strengthen the tax administration in the years of 2013, 2014 which assisted lesser inflation rate as compared to 2012. After the unfavorable weather situations in 2016-2017 various implementation and exemption strategies are being strategized to be adopted in 2018.

3.3 Inflation in Sri Lanka

Consumer Price Index in Sri Lanka is mainly composed of two pivotal groups which are food items and nonfood items. The inflation rate in Sri Lanka varies from time to time as depending upon the situations prevailing. The annual percentage in the cost to the average consumer of acquiring a basket of goods and services is measured by inflation.

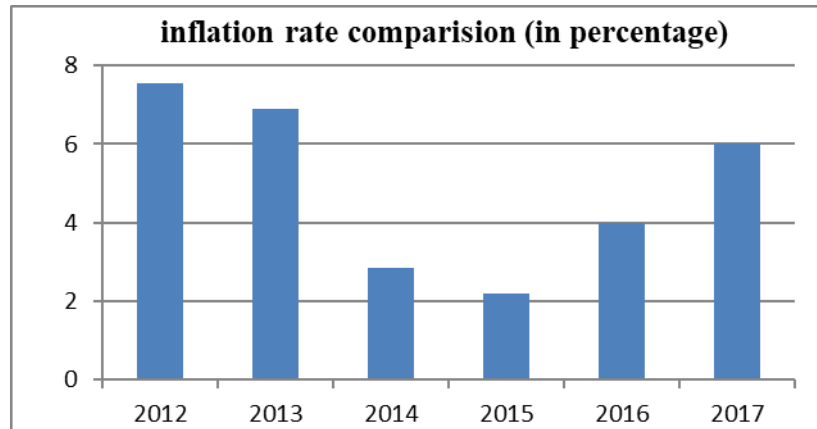


Figure 1- Comparison of Inflation Rate during 2012 – 2017

Source: Central Bank of Sri Lanka, 2017

The above data shows the average inflation rate during the period from 2012-2017. The inflation rates were highest during the year of 2012 and 2013 which substantially reducing in the next two years. In 2017, the inflation rate increased to 6% as compared to 4% in 2016. There has been less fluctuation between these two years as compared to the early years.

The agricultural sector in Sri Lanka was very unfavorably hit in 2017 because of the natural disasters and drought. Because of this, the import of staple food such as the very necessary, rice came down which thus resulted in the creation of various problems for the people in the country because of which the rate increased in 2017 as compared from 2014 to 2016.

Table 2. Consumer Price Index Annual Variation During 2012 - 2016

Year	2012	2013	2014	2015	2016
Inflation rate (Consumer Price Index, annual variation in %)	7.5	7.0	2.8	2.2	4.0

Source: Central Bank of Sri Lanka, 2016

There has been a tremendous variation in the percentage of consumer price index over the years, especially in the years of 2014 and 2015. The main determinants of inflation in Sri Lanka are exchange rate depreciation, interest rate, climatic changes (rice price) etc. It becomes relatively difficult for the individuals, and certain businesses to precisely predict and assume the rate of inflation in the future in circumstances where the inflation is volatile from one year to another year. This is the reason that there should be certain determinants of the inflation in the country. The main indices through which the inflation is measured in the country are basically Colombo Consumer Price Index, Sri Lanka Consumer Price Index, Colombo District Consumer Price Index (Ratnasiri, 2011).

3.4 Impact of high food prices on poverty in Colombo area

There are various aspects on the basis of which poverty is measured in any country. If a broader perspective has to be seen and analyzed, the poverty or poor is expressed as lack of access to basic human needs, including food, safe drinking water sanitation facilities, health, shelter, education etc. If a person cannot enjoy the minimum conditions of the life, he is identified as a poor. The standard of living of any person is recognized by his status there on. In Sri Lanka, the poverty level has gradually risen up and the urban poverty has tended to taken up a lot of space gradually. The poverty line in Sri Lanka is based upon the analysis provided in 2002, The persons living in the households whose real per capita monthly total consumption expenditure is below Rs.1423 in are considered poor. The measure of inequality of income is done through Gini coefficient, if it indicates 0, then there is perfect income distribution and if it indicates 1, then there is perfect inequality, recently the Gini coefficient of Sri Lanka was 0.47, which suggests inequality.

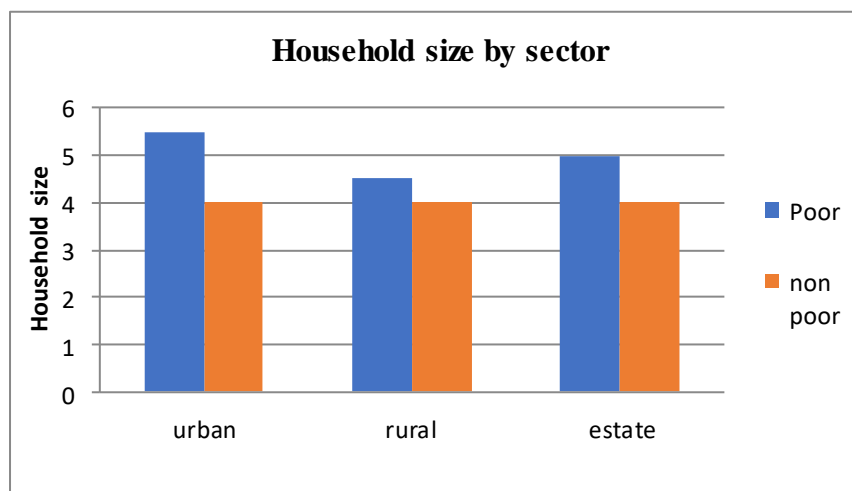


Figure 2 - Poverty level by Households sectors

Source: International monetary fund, January 2018

The ratio of poor households in the Colombo is visible more than the non-poor. In Colombo, it

has been observed and stated that non-food inflation does not rise as rapid and fast as the food inflation rises. There is thus, a need to look at the supply side factors as well which are contributing to the rise of the inflation in the city. The poverty in the city is comparatively more in terms of urban areas. Sri Lanka's economic growth has been primarily driven by the Colombo Metropolitan Region (CMR), which currently generates 45 percent of the country's GDP and is home to 28 percent of its population. The household size by poverty status of various districts in Sri Lanka differs which causes a variation in the level of poverty between various districts in the country.

Increase in the food prices of essential foods, makes it impossible for them to have their food. The impact of this has been worse on them, which has been mainly as below:

- Income level of the poor in Colombo has been declared as less than Rs.1500 per month of most of the poor population of which mostly is contributed in the food.
- Social problems have eventually shown a big rise.
- Colombo consumer price index (measured as 2010=100) has shown a rise. Consumer price index means the changes in the cost to the average consumer of acquiring a basket of goods and services that may be fixed or changed at specified intervals, such as yearly.

Table 3. Colombo Consumer Price Index dueing 2012 - 2017

Year	Consumer price index value
2012	114.77
2013	122.70
2014	126.09
2015	128.91
2016	134.05
2017	121.6

Source: World Bank, 2017

The benchmark inflation guide is measured by CPI (Consumer price index). From 2012 to 2016 as it can be seen, the CPI has ceaselessly risen, which depicts the continuous rise in the inflation there by. Thus, it became much difficult for the poor to buy the food products needed for the survival. According to the analysis, the poor have experienced faster inflation and which has led to their even lesser expenditure on housing, utilities and food.

Table 4. The District Level Poverty

District	All households	Poor households	Non- Poor households
Sri Lanka	4.1	4.9	3.9
Colombo	4.2	5.9	4.1
Gampaha	4.1	5.0	4.0
Kalutara	4.2	5.3	4.0
Kandy	4.1	5.1	4.0
Matale	3.9	4.7	3.7

Source: Department of Census and Statistics, Sri Lanka, 2016

The above table depicts that the population of most poor households is tend to be seen in Colombo only as compared to the other districts of Sri Lanka. The incidence of poverty is very closely related with the household size. The district level poverty eventually rises up and contributes to the national poverty overall significantly. Colombo's situation in terms of poor households has seen an unfavorable growth because of the shift of much poor population in this area creating more of the urban poverty there in. Moreover, there is the presence of many slums in the city as well and various social, economic and political forces have contributed in the formation of the slums as well. According to the very latest data, Sri Lanka's consumer price has gradually risen to 7.3 percent in the year earlier. The reason of increase in the inflation in March, 2017 has been because of food as well as non-food products and which is because of the low base that eventually existed in the corresponding period of the last year (Central Bank of Sri Lanka).

Table 5. Production Index during 2016-2017

Item	2017 February	2016 February	% change
Factory Industry- Production index	120.6	116.4	3.6
Food products	103.6	98.9	4.7
Beverages	103.2	109.8	-6.0

Tobacco products	91.1	91.4	-0.3
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Source: Department of Census and Statistics, Sri Lanka 2017

As per the data, the production index of food products has overseen a positive percentage change as compared to the beverages which has a negative percentage of six percent. Among the food and beverages production, the tea production had declined the most due to the unfavorable weather situations and apart from it, the production of coconut had also seen a considerable downfall among the food, thus leading to an inadequate rise in their prices.

The most basic problem that the urban poor face because of the rise in the food prices and their inability there on to afford them is the health problem. There are various diseases including the infectious diseases which can be caused because of the lack in proper food and water. The rise in the food prices because of the related factors like inflation causes various health problems especially to the urban poor residing in the slums. The consequences of the food price inflation thus are very unfavorable for the country as a whole.

Thus, the impact of high food prices has multiple problems for the poor residents in the city which makes it immensely difficult for them to survive in a better way.

4. Conclusion and Recommendation

4.1 Conclusion

The impact of the rise in food prices for the urban poor in the country of Sri Lanka has been evidently discussed in the document above. In order to analyze the proper inflation rates, the poverty level of the country it has been made sure that the adequate data has been collected from the required and appropriate sources. The real income and economic growth of every country depends upon the poverty level of the country and by the analysis it has come to the knowledge that the urban poverty exists more in the city of Colombo. The urban poverty in Sri Lanka has been discussed along with the level of increase in the poverty among the last years. The study emphasizes on comparing the level of inflation of one year to the year. The main focus in the research has been given to Colombo and it has been made sure that relevant data is extracted and presented in the document. On the analysis of the secondary data, it has been found that as compared to the other countries, the urban poverty in Sri Lanka has eventually increased and although various programs and policies are being implemented for the reduction of the same, but there is a big amount of population which is adversely affected due to the sudden rise in the price of food as food is the basic necessity for every person and thus food inflation has a major impact there on. The proper meaning of poverty and what are the various reasons behind urban poverty have been broadly discussed by properly reviewing the literature and discussing the main and major aspects. For this research, mainly the urban poverty has been discussed and the impact of food inflation on urban poor has been given emphasis. Important and significant findings on the level of the food price and how the people who were above the poverty line have eventually come below the poverty have been stated under the concerned document. The poverty is Sri

Lanka is measured through different aspects and one of the aspects is the rise in food prices which is the topic of discussion of this document. With all the analysis and proper outlook, it thus can be concluded that because of the rise in inflation, the poor in the country are becoming poorer since their income is the same but the prices are increasing rapidly.

4.2 Recommendations

The project focused on analyzing the impact of food price inflation on the poor people of Sri Lanka mainly the urban poor. There are various reasons that cause the urban poverty in the country thus which lead to their inability to fulfill their basic concerned needs and also creating various health complications. There are certain recommendations that should be the part of the study and which are as follows:

- For a more detail analysis regarding what are the impacts of rise in food prices on the poor people of the country, not only the urban sector should be taken into consideration but rural sector should also be given a due consideration as major poverty also lies there.
- Since the impact of food inflation is the most among the poor section of the people and as it is the most basic necessity, thus in such a case, the government should take steps like providing the basic necessity food products to the poor at a lower price, creating more efficient programs for poverty alleviation, harmonizing the inflation rate, setting up a precise rate for essential commodities despite of inflation etc.. as food inflation is the kind of inflation that has a comparatively more major impact on the poor section.
- In order to reduce the urban poverty in the sub areas of Colombo, the government should provide houses at cheaper rate to the poor with facility of installments without interest and improve the situations of the slum areas by giving adequate access to services such as water, electricity, housing so that the standard of living could enhance too.

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