

**A STUDY ON THE DETERMINANTS OF INDUSTRIAL LOCATION
THE CASE OF WESTERN PROVINCE OF SRI LANKA**

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Master of Science

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Dissertation submitted in partial fulfillment of the requirements for the degree
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DECLARATION

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Signature of the of Principal
Supervisor

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Head of the Department
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Date

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ABSTRACT

The selection of a location for a manufacturing plant is a foremost decision which has to be made by an industry. This decision is influenced by numerous location determinants such as raw materials, transport labor, utility and infrastructure, etc. Elevated magnitudes of the exerting powers and the collective effects of different location determinants in a particular locality create economic agglomeration and it generates numerous positive and some negative externalities in their economies. Even if the number is less, the influences are more awful with the negative externalities. Western Province of Sri Lanka is also experiencing this.

Therefore, any plan introduce to the region should crop up with effective planning activities to achieve the expected industrial development. At present, a development project named “Western Region Megapolis Project” (WRMPP) which hopes to complete in 2030 and estimated to spend 40 billion US\$, is at the planning stage. With this, two industrial cities will be developed in Horana and Meerigama. Thus, it is very much important to find the major location determinants and to investigate whether this project is compatible with them, at this planning stage of it.

Hence, this study was carried out to diagnose the major determinants of industrial location in the Western Province of Sri Lanka and then to investigate whether the WRMPP is compatible with those. For that, the district of Colombo which shows the highest industrial agglomeration was selected as the case study area. Considering different types of industries, disproportionate stratified sampling method was used to select the sample. After reviewing the literature, a number of determinants were identified and a questionnaire was prepared by including those. Questionnaire and Key Informant Interviews were used to collect the primary data from the representatives of the selected industries and the relevant organizations. A Frequency Distribution Analysis was conducted to identify the key determinants of industrial location. Then a context analysis was conducted to investigate the compatibility of the project with those major location determinants.

According to the results; utilities/ infrastructure, market, transportation and quality of life were identified as the major determinants. Existing and the planned developments for the two industrial cities at Horana and Meerigama under the WRMPP were considerably compatible with most of the sub factors of the major location determinants, but according to the available facts, some factors belong to utilities/ infrastructure such as the attitudes of the utility agents and the cost of fuel, some factors belong to transportation such as water way transportation in the industrial area and some sub factors belong to the marketing facilities such as income trends, consumer characteristics, location of competitors, etc. have not been considered. Therefore, it is impossible to state that the WRMPP is highly compatible with the major location determinants of the industries in the Western Region of Sri Lanka. To obtain more precise results, further studies should be carried out by increasing the sample size and the number of determinants or by sub dividing the major determinants and also assessing the compatibility of the WRMPP after completing the project.

Keywords: Industrial location determinants, Western Region Megapolis Project, Industrial city.

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