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“ Some people are beginning to create an IT culture, but that’s not enough. We need to educate everyone on the island about IT.”

—*Sri Lankan Internet executive*

“ With the highest literacy rate in South Asia, a large English-speaking population, and low labor costs, Sri Lanka is bound to be a significant IT player in South Asia.”

—*IT leader, Sri Lanka*

Sri Lanka is going through a period of political instability, coupled with the war situation in the North where the Tamil Tigers are fighting the government for a separate state. The nation ranks sixty-second overall in the Networked World Readiness Index. Under the best of circumstances, Sri Lanka would still be hard-pressed to overcome the difficulties of connecting and empowering its largely rural population and advancing the competitiveness of its mostly low-end manufacturing and agricultural economy. However, progress has occurred in spite of these challenges, and an end to the violence and unrest could signal rapid growth as Sri Lanka continues to train and leverage its adaptable, well-educated workforce (Ranking in Social Capital micro-index: 49).

The liberalization of the economy in the mid-1970s infused dated, but much needed, technology into all sectors of the economy. Subsequent establishment of the Council for Information Technology (CINTEC) in 1985, creation of the Ministry of Information Technology in 2000, deregulation of the telecommunications sector, and the *1998 Year of IT* have contributed much toward raising national awareness of Networked Readiness issues. CINTEC, through its committees on the Internet, Law and Computers, and Computer Education, is continuing to develop policy initiatives. Enactment of the Evidence Act of 1995, which allows computer-related evidence in courts of law, is one such example. In terms of economic policy, the state removed customs duty on all ICT products in 1998 and has since provided incentives to both local and foreign ICT enterprises (Ranking in ICT Policy micro-index: 53).

Local businesses have begun to incorporate the Internet in their activities (Ranking in e-Commerce micro-index: 52). Many companies in the Sri Lankan textiles industry have already made use of ICTs for their internal operations, and industry

leaders are now using the Internet to connect with global supply networks and exchanges. “Smart buildings” and software parks are under construction, and adequate infrastructure resources are becoming available for many businesses. Several Sri Lankan expatriates have been able to establish ICT companies overseas to outsource their work to their own branches locally. The recent economic downturn in the West has retarded these activities but many business leaders are still confident of a recovery.

The universities of Colombo, Peradeniya, and Moratuwa have seen their strong computer degree courses serve as models for several newer university training programs. The government of Sri Lanka declared 2001 as the year of IT Education and set aside US\$20 million to improve computing facilities in universities, and similar funding for computers to schools. However, limited admissions to the state universities providing free education have resulted in many joining training programs of suspect quality (Ranking in Quality of IT Education: 46).

Reaching the 80 percent of Sri Lanka’s population that lives in rural areas is both difficult and crucial. Multipurpose community telecenters (MCTs) are being tested at the district centers of Sri Lanka’s largest NGO, Sarvodaya. If rolled out broadly, these MCTs could use Sarvodaya’s extensive network of 11,400 village centers to provide a variety of ICT services, including the Internet, to the community, while at the same time building up local content (Ranking in Public Access to the Internet: 62).

## Key Facts

Population	18,900,000
Rural population (% of total population) 1999	76.70 %
GDP per capita (PPP)	US\$3,512
Global Competitiveness Index Ranking, 2001–2002	61
UNDP Human Development Index Ranking, 2001 (adjusted to GTR sample)	56
Main telephone lines per 100 inhabitants	4.05
Telephone faults per 100 main telephone lines	15.00
Internet hosts per 10,000 inhabitants	1.14
Personal computers per 100 inhabitants	0.55
Piracy rate	NA
Percent of PCs connected to Internet	1.15 %
Internet users per host	56.38
Internet users per 100 inhabitants	0.64
Cell phone subscribers per 100 inhabitants	2.38
Average monthly cost for 20 hours of Internet access	US\$8.15

**RANK**

## Networked Readiness Index **62**

### Network Use component index **67**

### Enabling Factors component index **59**

#### ■ Network Access **54**

Information Infrastructure 54

Hardware, Software, and Support 53

#### ■ Network Policy **53**

Business and Economic Environment 52

ICT Policy 53

#### ■ Networked Society **58**

Networked Learning 59

ICT Opportunities 67

Social Capital 49

#### ■ Networked Economy **56**

e-Commerce 52

e-Government 65

General Infrastructure 51