

**EVALUATION OF THE IMPACT OF THE FUEL
SUBSIDY ON SOCIOECONOMIC DEVELOPMENT
OF THE NEGOMBO FISHING COMMUNITY**

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ABSTRACT

The marine fishery sector in Sri Lanka is one of the most significant livelihoods and significant industry which contribute 2.3% of GDP to national economy, generates export earnings with the engagement of mechanized and non-mechanized boats. With the fuel price hike in 2012, the government has decided to grant a fuel subsidy to the owners of mechanized fishing crafts. Assessing of the socioeconomic impact of the fuel subsidy scheme to the fishery community was suggested by DFAR after a year of its introduction. The research was conducted at Negombo town fishing area and using its typical fishing community in order to understand the living situation of boat owners, skippers, crew members and the family members of the fishermen. They were interviewed regarding their knowledge & attitudes towards the fuel subsidy. The secondary data of the fish production from 2012 to July 2013 was gathered to compare the production differences before and after the introduction of the fuel subsidy. In general, the fishery community of Negombo has agreed with the fuel subsidy grant and it minimizes the expense for fuel, increase number of fishing days and increases family savings. But the most of community members said that the fuel grant has not directly affected to increase the fish harvest, daily income, improve children's education and boat condition even though the number of fishing days increased. According to the ideas of the same fishermen the fuel subsidy was indirectly supported to the social improvement of the community such as children's education, savings, etc. The large scale boat owners were getting more subsidy grant and it was helped to maintain their boats properly other than using recurrent expenditures of their family. Due to subsidy, the fishery community has able to maintain the fish production after the hike fuel price even though the fish production has no significant improvement. A year after the introduction of the fuel subsidy grant has showed a positive impact to the fishery community even though it was not significantly affected to the economic and social development of the community so far. However it is proposed to revised the scheme in order to implement the same with more descriptive manner and the benefit should be given to the small scale fishermen and to the fisheries sector as whole rather than targeting individual boat owners.

Key words: Fuel subsidy, Negombo, economy, social development, fish production