Inequalities are also closely connected to the environmental goals of the Sustainable Development Agenda 2030, as the costs associated with environmental degradation are unequally distributed, affecting mostly the poorer segments of the society. The destruction of land or water ecosystems significantly affects the communities depending on these resources. The poor also suffer from the adverse effects of climate change. Inequalities can also create vicious circles of political instability and conflict. Studies have further shown that growing inequality leads to an increased fragility of growth, effectively lessening the speed and durability of economic development.

Persistent income inequality in Sri Lanka is a major issue which needs the urgent attention of the planners and policy makers. Although Sri Lanka has managed to reduce income poverty from 26.1 per cent in 1990/1991 to 4.1 per cent in 2016 which is a notable achievement, income inequality has remained more or less unchanged for the last 3-4 decades.

Most of the poor are largely rural based, which includes those in the estate sector as well. As explained above, a majority of them rely on agriculture for their livelihood. Although the agricultural sector shows relatively slow growth and its contribution to gross domestic product (GDP) is less than 8 per cent, around 30 per cent of the employed population in the country are still engaged in agriculture. This fact cannot be and should not be ignored when developing strategies to reduce poverty and eradicate extreme poverty. Any attempt to weaken or neglect the agriculture sector, will affect the lives of many families depending on agriculture and related activities, especially the poor.

### Regional Variations in Income Inequality

Around 64 per cent of the households in the estate sector are among the four poorest national household income deciles, or among the poorest 40 per cent of households in the country. This also shows that 64 per cent of households in the estate sector receive a household income of less than Rs. 36,445 per month. The corresponding percentages for rural and urban sectors...
Way Forward

To handle the problem of persistent income inequality, more detailed and in-depth analysis is needed to understand the root causes for the prevailing situation. Income inequality in Sri Lanka needs to be addressed early, to prevent any undesirable consequences in the future, as Sri Lanka has already suffered a number of times due to imbalances in opportunities and wide gaps in income levels and as well as in living standards, between the rich and poor. Priority action needs to be taken on the following:

Ensure access to quality equitable education to all children, regardless of their family income, where they live, their gender or ethnicity or whether they are differently abled. This will help them to develop the skills needed to improve their livelihoods, and thereby to move out of poverty. This can also ensure that the benefits of economic growth are fairly distributed and thereby help reduce income inequality.

Well-designed labour market policies can also help to reduce income inequality; relatively high minimum wages can narrow the distribution of labour income. However, such minimum wages should not impose excessive costs on business, which could dampen its inequality reducing effect. As the female labour force participation is very low in Sri Lanka, encouraging more women to participate in the labour force can also help in improving their family income and living conditions.