

**CAUSES OF RURAL POVERTY IN SRI LANKA:
AN EMPIRICAL MODEL**

**CAUSES OF RURAL POVERTY IN SRI LANKA:
AN EMPIRICAL MODEL**

**A Thesis Submitted to the Faculty of Graduate Studies of
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Sri Lanka**

By

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Certification

The Thesis Entitled "Causes of Rural Poverty: An Empirical Model" in partial fulfillment of the requirements for the Degree of Master of Science in Management is hereby is accepted.



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1. 

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Declaration of Candidate

I certify that this thesis does not incorporate without acknowledgement of any material previously submitted for a Degree or Diploma in any University, contain any material previously published or written by another person except where due reference is made in the text.

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Abstract

The objective of this study is to reveal the causes of poverty at an extensive level in the rural sector of Sri Lanka. Eleven hypotheses were developed and tested in order to accomplish the objective. The hypothesis were examined in both micro and macro analysis. The microanalysis was done by using data collected from the field study while the macro analysis was done by using the secondary data. Primary cross sectional data was collected employing the case study method.

Primary data was analyzed in two ways; a) by developing an ordinal logistic regression model and b) considering the results of chi square and correlation tests. In the ordinal logistic regression model poverty was taken as the dependent variable and was considered as an ordinal variable considering whether the household is ultra poor, poor or non poor. Poverty was measured by using per capita consumption expenditure based on the official poverty line of the country. The results of the goodness of fitness tests reveal that the model adequately fits the sampling data to represent the population, and the predictive power of the model is at an acceptable level.

Econometric tests and the results of the descriptive analysis have found that five from the selected variables, i.e. level of income, industrial sector occupation, age, size of household, consumption of liquor and remoteness of households make significant impact on the level of poverty. Form them, age of the head of the household and the level of income of the household make a negative impact on the level of poverty while the size of the household, consumption of liquor, remoteness and the industrial sector occupation make a positive impact. Model results do not show enough evidence to identify the size of land owned by the household, level of education, gender, smoking and the agricultural sector occupation of the head of the household as causes of poverty in the rural sector. However the descriptive analysis of the study shows a correlation between these variables and poverty.

Table of the Content

Acknowledgement	I
Abstract	II
Table of Content	III
List of Tables	VIII
List of Figures	IX
List of Annexure	XII
Abbreviations	XIII
Chapter One: Introduction	
1.1 Background of the Study	01
1.2 Objective of the Study	04
1.3 Methodology of the Study	04
1.4 Limitations of the Study	06
1.5 Structure of the Study	07
Chapter Two: Literature Review	
2.1 Introduction	08
2.2 Measuring Poverty	09
2.2.1 Monetary Approach	10
1. Poverty Line	12
2. Head Count Ratio	13
3. Poverty Gap Ratio	14
4. The Foster-Geer-Thorbecke Class Poverty Measurements	15
5. Human Poverty Index	16
2.2.1 Other Approaches in Measuring Poverty	17
a) Capability Approach	18
b) Social Exclusion	21
c) Participatory Approach	22
2.3 Studies about the Causes of Poverty	23
2.4 Economic Causes of Poverty	29
	Cont...

Cont..

2.4.1	Occupational Distribution and Poverty	29
2.4.2	Access and Ownership of Resources	30
2.5	Demographic Causes of Poverty	32
2.5.1	Household Size and Composition	33
2.5.2	Age and Poverty	34
2.5.3	Feminization of Poverty	35
2.6	Social Causes of Poverty	37
2.6.1	Level of Education and Poverty	38
2.6.2	Alcohol Consumption, Smoking and Poverty	41
2.6.3	Remoteness and Poverty	42
2.7	Summary of the Chapter	42

Chapter Three: Methodology of the Study

3.1	Introduction	44
3.2	Conceptual Framework and Hypothesis	44
3.3	Variables of the Study	48
3.4	Other Concepts	53
3.5	Study Setting	57
3.6	Sources and Types of Data	57
3.7	Sampling Plan	59
3.8	Sampling Design	60
3.9	Collection of Data	61
3.9.1	Data Collection Method	61
3.9.2	Test the Stability and Consistency of the Questionnaire	61
3.9.3	Field Programme and Data Collection	63
3.10	The Model	65
3.10.1	Introduction	65
3.10.2	Estimation of the Logit Model	66
3.10.3	Test the Goodness of Fitness of the Model	67

Cont..

Cont...

3.10.4	Tests for Partial Deviance	69
3.11	Interpretation of the Results	72
3.12	Pearson Correlation Coefficient	73
3.13	Chi Square Test of Independence of Variables	73
3.14	Summary of the Chapter	74

Chapter Three: Rural Poverty in Sri Lanka

4.1	Introduction	76
4.2	Historical Context	76
4.3	Measuring Poverty in Sri Lanka	80
4.3.1	Introduction	80
4.3.2	Issues in Measuring Poverty in Sri Lanka	80
4.3.3	Sri Lanka Official Poverty Line	82
4.4	Recent Trends in Poverty in Sri Lanka	84
4.4.1	Magnitude of Poverty	85
4.4.2	Trends in Magnitude of Poverty	88
4.4.3	Disaggregating the Poverty Profile	90
	a) Is poverty a rural Phenomenon	91
	b) Disaggregating Poverty by Province and Districts	95
4.5	Causes of Rural Poverty in Sri Lanka	100
4.5.1	Occupational Distribution and Rural Poverty in Sri Lanka	101
4.5.2	Access and Ownership of Resources	108
4.5.3	Household Size and Poverty	112
4.5.4	Age and Poverty in Rural Sector	116
4.5.5	Feminization of Poverty	123
4.5.6	Education and Poverty	128
4.5.7	Smoking and Alcohol Consumption	131

Cont...

		Cont...
4.6	Summary of the Chapter	132
Chapter Five: Presentation of Data		
5.1	Introduction	134
5.2	Demographic Characteristics of Households	134
5.2.1	Age of Head of Household	135
5.2.2	Gender of Head of Household	136
5.2.3	Household Size and Poverty	140
5.2.4	Household Size and Composition	142
5.3	Economic Causes of Poverty	143
5.3.1	Income and Income Distribution	143
5.3.2	Occupational Distribution of Households	144
5.3.3	Land Distribution	146
5.4	Social Causes of Poverty	149
5.4.1	Consumption of Alcohol and Smoking	149
5.4.2	Level of Education and Poverty	154
5.4.3	Remoteness and Poverty	156
5.5	Poverty Measurements	157
5.6	Summary of the Chapter	158
Chapter Six: Analysis		
6.1	Introduction	160
6.2	Fitting an Ordinal Logistic Model	160
6.3	Results of the Model Estimation	162
6.4	Test the Goodness of Fitness of the Model	164
6.4.1	Likelihood Ratio Test	165
6.4.2	Test of Partial Deviance	166
6.4.3	Pearson Deviance Goodness of Fit Test	172
6.4.4	Measures of Association	173
6.5	Interpretation of Results	174
6.5.1	Age of the Head of the Household	174
		Cont...

Cont...

6.5.2	Feminization of Poverty	175
6.5.3	Household Size and Composition	176
6.5.4	Income of the Household	177
6.5.5	Remoteness and Poverty	177
6.5.6	Occupational Distribution	178
6.5.7	Access to Resources	178
6.5.8	Alcohol Consumption and Smoking	179
6.5.9	Level of Education of the Head of Household	180
6.6	Marginal Effects of Independent Variables	181
6.6.1	Age and Poverty	181
6.6.2	Gender and Poverty	183
6.6.3	Household Size and Poverty	185
6.6.4	Composition of the Household and Poverty	187
6.6.5	Income and Poverty	192
6.6.6	Remoteness and Poverty	194
6.6.7	Occupational Distribution and Poverty	196
6.6.8	Land ownership and Poverty	200
6.6.9	Alcohol Consumption , Smoking and Poverty	202
6.6.10	Education and Poverty	208
6.7	Summary of the Chapter	210
Chapter Seven: Summary and Conclusion		212
	References	221
	Annexture	229

List of Tables

No.	Table	Page Number
2.1	Nussabuum's list of features Essential to Full Human Life	21
4.1	Human Development Indicators of Sri Lanka - 2002	77
4.2	Estimates of Extent of Poverty in Sri Lanka	81
4.3	Summary of Poverty Lines at 2002 National Prices	83
4.4	Official Poverty Lines by Districts (Rs./month/person)	84
4.5	Poverty and Inequality of Income	85
4.6	Poverty Head Count Indices by District	100
4.7	Employment by Major Production Sector- 2003/04	102
4.8	Occupational Distribution by % of reference Poverty Line	103
4.9	Median Age of Population in Sri Lanka-1963-2003	117
4.10	Literacy by Gender	124
4.11	Income Receiver's Income by Sex and Age Group -2001/02	127
4.12	Income Receiver's Income by Sex and Education in Rural	127
4.13	Literacy Rate by Sector and Gender- 1986/87, 2003/04	128
5.1	Income Distribution	143
5.2	Employment by Sector	145
5.3	Distribution of Highland among Households	146
5.4	Distribution of Paddy Lands among Households	147
6.1	List of Variables	161
6.2	Ordinal Logistic Regression: Results	163
6.3	Results of the Partial Deviation	171
6.4	Two-way ANOVA- CDR vs. Poverty	189
6.5	Two-way ANOVA- ODR vs. Poverty	190
6.6	Two-way ANOVA- ADR vs. Poverty	191
6.7	Two-way ANOVA- Land vs. Poverty	202
6.8	Poverty by Consumption of Liquor and Smoking	203
6.9	Poverty by level of Education	209

List of Figures

No.	Figure	Page
2.1	Life Cycle Hypothesis	34
2.2	Education and Poverty	39
2.3	Trade off in decision making to continue school	40
3.1	Conceptual Framework	45
4.1	Poverty in Sri Lanka	79
4.2	Poverty Gap Index	86
4.3	Lorenz Curve of Income Distribution	87
4.4	Poverty by Ethnic Group	88
4.5	Incidence and Depth of Poverty- 1990-2001/02	89
4.6	Population by Sector	92
4.7	Poverty in Urban and Rural Sector- 2001/02	93
4.8	Poverty by Sector	94
4.9	Poverty by Province	96
4.10	Depth and Severity of Poverty by Province	97
4.12	Trends in the Incidence of Poverty by Province	98
4.13	Unemployment by Gender and Sector	101
4.14	Poverty by Industry in Rural Sector-2001/02	102
4.15	Poverty by Sector Occupied	104
4.16	Employment in rural and Urban Sectors 2001/02	105
4.17	Employment Status in Rural Sector 2003/04	106
4.18	Employment Status of Poor- 2002/03	107
4.19	Paddy Harvest by Irrigation Scheme 1996-2003	108
4.20	Land Distribution 2002/03	110
4.21	Size of Land per Household	110
4.22	Utilization of Lands-2002/03	111
4.23	Average Household Size by Sector 2003/04	112
4.24	Share of Household Earn Less than Rs. 3201/pm by Household	113
4.25	Share of Household Earn More than Rs. 24042	114
4.26	Household Size and Poverty in Rural Sector	115
4.27	Age Structure in Sri Lanka	118

Cont...

Cont...

No.	Figure	Page No.
4.28	Age Structure in Rural Sector	119
4.29	Labor Force Participation-2003/04	120
4.30	Income-Age Relationship 2001/02	121
4.31	Income by Age and Education-2002	122
4.32	Distribution of Household Heads	123
4.33	Labor Force Participation of Women- 2003	125
4.34	Unemployment in the Rural Sector by Gender-2003/04	125
4.35	Employment of Rural Women- 1996-2003	126
4.36	Attainment of Education in Rural Sector	129
4.37	Income by Age and Education 2002	130
4.38	Households below Poverty Line by Educational Attainment	130
4.39	Expenditure on Liquor and Tobacco	132
5.1	Age Structure	135
5.2	Poverty by Age of the Head of the Household	136
5.3	Gender wise Distribution of Heads of Households	137
5.4	Education and Employment Sector by Gender	138
5.5	Employment Sector by Gender	139
5.6	Employment Sector by Gender	140
5.7	Household Size	141
5.8	Poverty by Size of Households	142
5.9	Lorenz Curve for Income Distribution	144
5.10	Occupational Distribution	145
5.11	Lorenz Curve for Paddy Land Distribution and Income Distribution	148
5.12	Lorenz Curve for Land Distribution (Total Land)	149
5.13	Consumption of Alcohol and Smoking	150
5.14	Addiction to Alcohol	151
5.15	Percentage of Heads of Households by Cost on Alcohol and Smoking	152
5.16	Expenditure on Alcohol by Level of Education of People	153
5.17	Employment Sector by Education Level	154
5.18	Income by Level of Education of the People	155

Cont....

Cont.....		
No.	Figure	Page No.
5.19	Level Education by Remoteness	156
6.1	Income- Age Relationship	182
6.2	Poverty by Gender of Head of Household	183
6.3	Poverty and household size	186
6.4	Poverty by Age Dependency Ratio	188
6.5	Lorenz Curve for Income Distribution	192
6.6	Remoteness and Poverty	194
6.7	Poverty by Industry Occupied by Head of Household	196
6.8	Poverty by Sector Occupied	199
6.9	Land and Income Distribution	201
6.10	Poverty by Cost of Liquor	204
6.11	Poverty by Cost of Smoking	206
6.12	Poverty among Smokers and Non Smokers	207