

## 要 旨

# DETERMINANTS OF RURAL POVERTY IN SRI LANKA : THE CASE OF MONARAGALA DISTRICT

Hewawasan Ranaweerage Viraj Pinsiri Wijewardhana

Poverty reduction is the main priority of most governments, international development agencies and researchers around the world. However, despite the strong attention in development discourse to overcome, still large numbers of people are suffering from the poverty and Sri Lanka is no exception. Accordingly, 15.2 percent of the total population in Sri Lanka is living below the poverty line in spite of the remarkable achievement of social and human development through the welfare policies of successive governments in post-independence era. However, this national figure of poverty conceals the disparities among the residential sectors, provinces or districts.

Sri Lanka is divided into three residential sectors as urban, rural and estate. Urban sector recorded the lowest poverty incidence with 6.7 percent Poverty Head Count Index (PHCI) while rural sector and estate sector recorded the 15.7 percent of PHCI and 32 percent of PHCI respectively. Moreover, the 2.3 million people in rural sector are living below the poverty line. Accordingly, poverty incidence in Sri Lanka can be recognized mainly as a rural sector phenomenon. Majority of households in rural areas are engaged in agricultural activities and most of the studies revealed that poverty incidence is highest among the households depend on the agriculture. Agriculture sector has been continuing with number of development constraints such as low productivity, land ownership problems, inadequate market access, and inefficient extension services and so on. Inadequate opportunities outside the agricultural sector in rural areas have restricted the moving away from agriculture. Inadequate facilities such as poor road condition, inadequate supply of electricity and telecommunication services, inadequate information dissemination and so on have been major factors that aggravated the development of non-agricultural employments in rural areas. Average education achievements of the rural sector are not as better as the more developed areas of the country. Inadequate vocational training opportunities, inadequate credit facilities also negatively affects to the income generation activities outside the agriculture. In addition, we need to focus on social relationships between the people in rural areas and utilization of those relationships to cope up their problems. Those relationships between the people have been operating through Community Based Organizations and through the relationships of relatives and friends and so on.

This study was aiming at to investigate the current poverty situation in rural sector and to find out what are the important factors affecting to the household income and the living condition of the rural sector. Accordingly, human resources, social capital, physical resources, access to credit, access to information were identified as independent dimensions and economic activities that includes the agricultural activities and non-agricultural activities were identified as intermediate dimension. Poverty incidence of the households, which is the dependent dimension, was measured by the total household income and annual per capita income. Both primary and secondary data were utilized to achieve the research objectives.

Secondary data was mainly collected from the Department of Census and Statistics, Central Bank of Sri Lanka and Buttala Divisional Secretariat office and it facilitated to understand the background of rural sector such as economic and social structure, population detail and poverty incidence and the like. For the primary data collection, we selected a village called Dikyaya located in Buttala divisional secretariat division, Moanaragala district, Uva province. After the systematic random sampling process, primary data was collected from 81 households in Dikyaya village. Poverty head count index, descriptive statistics, correlation analysis, factor analysis and Stepwise Multiple Regression Analysis (SMRA) were used as statistical tools to review and analyze the current poverty incidence as well as relationships and causal determinants of the rural poverty.

Descriptive analysis with the poverty head count index shows that 23.4 percent of households are living below the poverty line in the research area. A noteworthy issue is that 83.3 percent of these poor households are engaged in agricultural or casual wage labour as their main economic activity.

After the descriptive analysis, we conducted the correlation and factor analysis, and 14 factors were extracted from identified independent dimensions. In addition three factors namely involvement of upland cultivation with related resources, involvement of paddy cultivation with related resources, and involvement of non-agricultural activities with related resources were extracted from the intermediate dimension, which is economic activities of households. Firstly, we conducted SMRA to assess the impact of extracted independent factors on the above-mentioned three factors in intermediate dimension.

Accordingly, to examine the impact on involvement of upland cultivation with related resources, we used 14 extracted variables from independent dimensions and conducted the SMRA. The results shows that coefficient of determination ( $R^2$ ) was equal to 0.490 indicating 49 percent of the variation in upland cultivation with related resources is explained by the model. Four variables were significantly impact on involvement of upland cultivation with related resources. Among those four variables, land ownership and male and dependent structure variables had positive impact ( $\beta=0.543$  and  $\beta=0.231$  respectively) while mutual supports for financial needs and emergencies and access to market opportunities information through private relationships had a negative impact ( $\beta=-0.319$  and  $\beta=-0.233$  respectively).

To examine the impact on involvement of paddy cultivation with related resources, we used the same 14 extracted predictor variables, which belong to the five independent dimensions and conducted the SMRA. The results shows that coefficient of determination ( $R^2$ ) was equal to 0.438 indicating that 43.8 percent of the variation in involvement of paddy cultivation with related resources is explained by the model. Accordingly, two variables namely mutual supports for labour needs ( $\beta=0.371$ ) and land ownership ( $\beta=0.366$ ) were significantly impact on paddy cultivation with related resource factor.

We used the same 14 extracted predictor variables, which belong to the five independent dimensions to examine the impact on involvement of non-agricultural activities with related resources variable. The result of SMRA shows the coefficient of determination ( $R^2$ ) was equal to 0.246 indicating that 24.6 percent of the variation in involvement of non-agricultural activities with related resources is explained by the model. Four variables were significantly impact on involvement of non-agricultural activities with related resources variable. Among these four variables, vocational training attainment, male and dependent structure, and mutual supports for financial needs and emergencies variables had positive impact ( $\beta=0.231$ ,  $\beta=0.216$ , and  $0.207$  respectively) while land ownership had a negative regression impact ( $\beta=-0.291$ ).

Secondly, we conducted the SMRA to assess the impact of extracted independent and intermediate factors on the two dependent variables namely total annual income and the annual per capita income.

Accordingly, to examine the direct impact on total annual income, we used 17 predictor variables extracted from independent and intermediate dimensions and conducted the SMRA. The results shows that coefficient of determination ( $R^2$ ) was equal to 0.676 indicating that 67.6 percent of the variation in total annual income is explained by the model. Five variables namely mutual supports for financial needs and emergencies ( $\beta = 0.596$ ), educational attainment ( $\beta = 0.203$ ), involvement of non-agricultural activities with related resources ( $\beta = 0.200$ ), land ownership ( $\beta = 0.195$ ) and participation to social groups ( $\beta = 0.156$ ) were significantly impact on total annual income.

To examine the direct impact on annual per capita income, we used the same 17 predictor variables derived from the independent and intermediate variables and conducted the SMRA. The results shows that coefficient of determination ( $R^2$ ) was equal to 0.614 indicating that 61.4 percent of the variation in annual per capita income is explained by the model. Five variables were significantly impact on annual per capita income. Those variables were Educational attainment ( $\beta = 0.406$ ), Involvement in non-agricultural activities with related resources ( $\beta = 0.314$ ), mutual supports for financial needs and emergencies ( $\beta = 0.268$ ), labour force and dependency ( $\beta = 0.233$ ) and land ownerships ( $\beta = 0.169$ ).

According to the above findings, we can give the following recommendations for the government and policy makers. There should be a proper way to distribute the land among the people with proper ownership of the lands. For the educational development in rural areas provision of necessary facilities such as adequate school buildings with necessary equipment, and sufficient number teachers are essential. Apart from that, vocational trainings are important for the people and provision of necessary equipment and qualified trainers are vital to improve the provision of vocational trainings. In addition, extension services should be improved to disseminate the new technologies and information to grass root level since the extension services were weak in the area. Provision of infrastructure facilities such as access road, electricity, and telecommunication is essential to promote the non-agricultural activities in the area and thereby facilitate the people to diversify their income sources towards attaining higher income levels. There should be regional market centers to sell the product of the farmers. It will facilitate them to sell their products directly without the intermediaries. There should be promotion programmes to enhance the livestock management of the people. This will be an added advantage for the farmers as it enables them to use the dung of these animals as an organic fertilizer.

People in the community should be able to work together to improve their own income and living condition. Resource sharing, making voice as a group is essential to accomplish their necessities. Formation of active community based organization plays an important role in the process of mobilizing people. In addition, they need to understand the value of the educational and vocational training attainment to improve their living condition. Active participation of women in household economic activities is an important issue. Rather than engaging in household chores and having only the supporting role, women need to participate actively in the income generation activities. Poverty reduction is not an objective that can be achieved only by the efforts of government or private sector together with other development institutions, poor themselves have to bear with the responsibility as main players of their own success. However, the assistance from the external parties such as the government, private sector with providing the necessary social and economic facilities are essential to overcome the poverty incidence experienced by the people in disadvantaged rural areas.