Determinants of Poverty Among Households in Monaragala District, Sri Lanka

MALLIKA APPUHAMILAGE KUMUDINI SRIYALATHA Business Economics, University of Sri Jayewardenepura, Sri Lanka

Abstract -- This study examines the determinants of poverty among households in Madulla division, Moneragala District, Sri Lanka. In order to identify the relationship between demographic, economic and socio-characteristics and poverty among households in Madulla Division, a regression analysis is used. Further, this study examines the income distribution among household by using microlevel income data. The regression analysis clearly indicates that, variables such as dependency ratio and size of the households significantly and positively affect the poverty level. We also find that income level of the household and number of employed person of the household significantly and negatively affect poverty level. Also, educational level and nature of earning have positive impact but not significant.

Index Terms- Gini coefficient, income distribution, poverty determinants, Sri Lanka

I. INTRODUCTION

Poverty mitigation is a key policy consideration in recent development literature. Large numbers of scholars in the field of development economics have claimed that the battle against poverty is an important requirement for economic growth (Emwanu et al. (1995)). According to global economic prospects (2018) indicates that the world made significant progress in the poverty reduction from 35 percent to 10.7 percent of the population in 2013. At the same time 60 out of 83 countries in the world, the income of the poorest 40 percent has raised from 2008 to 2013 with the global financial crisis. Global Monitoring Report (2015/16) predicted that global poverty rate may have reduced up to 9.6 percent (700 million) of global population in 2015. Further it says that for the first time in the history, the global extreme poverty has reached to single digit number. In 2015 the absolute international poverty line was set at \$1.90 per day. This is based on the monetary value of a person's consumption expenditure or income level per day. Poverty and Shared Prosperity Report (2016) showed

that the global poor are belongs to rural, young, low level of education, majority engaged in the agricultural sector, larger household size and more dependent especially higher number of children. Further, the report highlighted that 80 percent of the poor population live in rural areas; 64 percent employed in agricultural sector; 44 percent are 14 years or younger; 39 percent do not have formal education.

As mentioned in the report of 'Poverty and the world of work: the Global Monitoring Report (2015/16) the rate of extreme poverty (measured from 2008) as living on less than \$1.25 per day in 2005 reached 10 percent in 2015, compared with 30 per cent in 1990. The declining trend in extreme poverty was especially noticeable in developing countries. The rate was declined from 47 percent in 1990 to 14 percent in 2015 (Global Monitoring Report (2015/16)). Accordingly, in this report, extreme poverty is defined as living on a household per capita income of less than \$1.90 PPP per day. Another definition which moderate poverty is is defined as living on between \$1.90 PPP and \$3.10 PPP per capita per day. The emerging and developing countries have shared about 15 percent extreme poverty level in the year of 2012 and the regional poverty level also has been changing in globally. This is because of uneven progress which is happening in the world. In Sub-Saharan Africa have the largest poverty headcount ratio (41 percent) and the largest number of poor households (389 million) in 2013. This figure is higher than all other regions in the world (see Table 01). This is a remarkable change with respect to 1990, when half of the poor were living in East Asia and Pacific region.

Considering the poverty levels across the regions, without developed countries, reports that progresses in Asia and the Pacific region have been outstanding. For example, the share of people in extreme poverty level has declined by 46 percentage points between 1990 and 2012. The extreme poverty level in 2012 was about 12.2 percent (Global Monitoring Report, 2015/2016)

Region	Headcount	Povert	Poor	Share of
	Ratio %	y Gap	(million)	global
		%		poor by
				region (%)
East Asia	3.5	0.7	71.0	9.3
and Pacific				
Eastern	2.3	0.6	10.8	1.4
Europe and				
Central Asia				
Latin	5.4	2.6	33.6	4.4
America				
and the				
Caribbean				
Middle East	-	-	-	-
and North				
Africa				
South Asia	15.1	2.8	256.2	33.4
Sub-	41.0	15.9	388.7	50.7
Saharan				
Africa				
Total six	12.6	3.8	766.6	
regions				
World	10.7	3.2	766.6	

Table 01: World and Regional Poverty Estimates, 2013

Source : World Bank, Washington, DC

Note: Poverty is measured using the US\$1.90-a-day 2011 purchasing power parity (PPP) poverty line. The six-region total includes all developing regions. World includes all developing regions, plus industrialized countries.

According to Sri Lanka's official national poverty line, a person is identified as being poor in the 2012/13 Housing Income and Expenditure Survey (HIES) if his or her real per capita consumption expenditure falls below Rs. 3,624 per month, which is equivalent to about \$1.50 in 2005 purchasing power parity term. This consumption threshold is based on Sri Lanka's official poverty line developed by Department of Census and Statistics (DCS) and the World Bank using data from the 2002 HIES (The Spatial Distribution of Poverty in Sri Lanka, DCS, 2015, p.05).

Looking at poverty level in Sri Lanka has among the lowest extreme poverty rates among countries in the

region. The extremely poor were around 1.8 percent of the population in 2013. Even though the extremely poverty is low, 45 percent of the population belongs to less than \$5 per day in 2013 in Sri Lanka.

In 2016, the year of the latest comprehensive data on poverty in Sri Lanka, poverty headcount index was 4.1 percent and it was fell from 6.7 percent in 2012/13. Out of 20 million population 843,913 people were belonging to poverty in 2016.

Table 02: Poverty head count index, number of poor population and contribution to total poverty by sector in 2016

Sector	Poverty	Number of	Contribution
	head count	poor	to total
	index	populations	poverty
		(number)	(%)
(%)			
Sri	4.1	843,913	100.0
Lanka			
Urban	1.9	67,649	8.0
Rural	4.3	693,956	82.2
Estate	8.8	82,308	9.8

Source: Department of Census and Statistics, Sri Lanka, 2016

Although poverty has fallen to a greater extent at national level during the last few decades, poverty inequalities still exists across the provinces as well as districts. Table 02 shows that in general the poverty headcount index in the estate sector is higher than the other sectors of the country. Majority household in this sector are belongs to poor and near- poor. Many of them are young, Hindu Tamils, working in tea estates and living in free housing units. In recent years, the estate sector poverty rates have declined from 28 percent to about 10 percent in 2009/2010 and 2012/2013.

Looking at the poverty movements across district level shows substantial decline in the national poverty level from 22.7 percent to 6.1 percent in 2002 and 2012/13 respectively. Even though, national poverty level has declined sharply in recent years, there can be seen large variations among districts. In terms of absolute as well as relative poverty level, the largest decline in poverty was seen in Hambantota and Puttalam districts. In contrast, the smallest decline in terms of relative poverty has recorded in Galle and Moneragala districts, while the smallest decline in terms of absolute level was found in Colombo and Gampaha districts. Still Moneragala and Badulla in Uva province have represented high poverty levels (see Table 03). Therefore, Western province which includes three districts such as Colombo, Kaluthara and Gampaha remain the least poor; while Moneragala has recorded still high poverty rate.

Table 03 Poverty headcount index by selected district-2002, 2012/13

District	HIES 2002	HIES
	%	2012/13 %
Sri Lanka	22.7	6.7
Hambantota	32.0	4.9
Moneragala	37.0	20.8
Badulla	37.0	12.3
Puttalam	31.0	5.1
Kegalle	32.0	6.7
Ratnapura	34.0	10.4
Matale	30.0	7.8
Gampaha	11.0	2.1
Colombo	6.0	1.4
Galle	26.0	9.9

Source: Department of Census and Statistics, 2015

According to HIES in 2012/13, it reveals that for a large part of the country, the poverty level is less than 15 percent. Divisional Secretariat (DS) in Colombo, Gampaha, Kalutara and Polonnaruwa districts have recorded less than 5 percent poverty rates, while DS in Mannar, Mullaitivu, Batticaloa and Moneragala indicate high poverty rates. Further, the report highlighted that as of 2012/13 HIES all DS divisions in Moneragala district continued high poverty level.

Figure 01 show those nine provinces in Sri Lanka and number of poor population by province. It is clear that Uva province has recorded the highest poverty level in 2012/13. Uva province has two districts namely Badulla and Moneragala. Table 04 presents poverty level of Moneragala district in accordance with DS. There are eleven DS in Moneragala district. Syambalanduwa DS has reported the highest poverty level while Sewanagala has recorded the lowest poverty level.

Figure 01 Number of Poor People by Province 2012/13



Source: Department of Census and Statistics, HIES, 2015

Table 04 Poverty level in Moneragala District by Divisional Secretariat in 2011

Divisional	Poverty	Divisional	Poverty
Secretariat	Headcount	Secretariat	Headcount
	Ratio (%)		Ratio (%)
Siyambalanduwa	51.8	Bibila	26
Madulla	40.7	Wellawaya	24.9
Thanamalwila	35.8	Buttala	21.2
Medagama	30.2	Katharagama	19.8
Moneragala	29.3	Sewanagala	19.3
Badalkumbura	27.9		

Source: Department of Census and Statistics (Household income and expenditure survey 2011)

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With reference to the Sri Lanka context, all Sri Lankan government pays attention on poverty reduction as well as mitigating the poverty. And also authorities have put priority to overcome the poverty and related issues in their agendas. Meanwhile different poverty alleviation program's has been introduced to reduce poverty such as Samurdhi, Jana Saviya, Gemi Diriya etc. Though, the authorities have implemented various poverty alleviation programs, still poverty level in the country is at higher level. With this background, this study tries to identify major determinants of poverty levels in Madulla DS division. As we can see in accordance with data, Moneragala district has identified as the highest poverty level. Within the country as well as within the districts, we can observe different poverty levels. Therefore, it is not reasonable to assume that the determinants of poverty level are identical everywhere in the country as well as in the world. Analysis of root causes of poverty is an essential to design the effective and efficient poverty alleviation programs. Since regional- specific poverty analysis is vital, this study is focused on determinants of poverty in Madulla DS in Moneragala district.

II. THE ORETICAL BACKROUND AND LITERATURE REVIEW

The Lorenz Curve is a graphical representation of wealth or income distribution of a nation. This concept was developed by American economist Max Lorenz in 1905. The line which is drawn across origin indicates perfectly equal distribution of income or wealth of the nation while the other curve (Lorenz curve) is a curve which represents the actual distribution of income of a nation. It shows the proportion of income or wealth earned by given percentage of the population. The more bowed out a curve is an indicator of the greater inequality in the distribution of income or wealth while the less bowed out curve represents a less inequality distribution.

Another important measurement of distribution income or wealth is Gini coefficient. It is derived from the Lorenz curve. The Gini coefficient is an indicator of economic development in a country. It indicates the degree of income equality and a numerical measure of inequality based on Lorenz curve. Value of this coefficient takes from zero (0) to one (1) and zero means there is no unequal distribution among population. That means everyone has the same income or wealth while the value is equal to one, it indicates that income or wealth is totally unequal.

Poverty is a multi-dimensional phenomenon and broader concept, which affects not only the purchasing power of the people, but also disturbing an individual from enjoying their life. Poverty is depends on living conditions such as employment, health, education, and housing. Therefore it is important to identify living conditions of people, gender differences in poverty, and the reasons of these differences, in order to formulate strategies for poverty alleviation. Usually, poverty is measured in terms of purchasing power of the household or per capita expenditure/income of the household.

Purchasing power (poverty) has a strong association with attributes of individuals/households such as education attainment, employment status, and family size. Larger household's sizes, especially those with children, are more likely to be poor. Further, households consist with a member/s that is/are working abroad; have a lower probability of being poor (World Bank, 2007).

According to Poverty Manual (2005) productivity and incomes from employments and livelihoods are vital factors for decreasing poverty level. Specially, social characteristics like health conditions, nutrition levels, education levels and housing conditions impact productivity, thus affecting poverty status of the households. Therefore, actions towards poverty mitigation contain a complete intervention scheme, not simply in economic dimensions, but including social aspects as well, so that poverty is considered as a socio-economic phenomenon. Some of the key features in this category include the age structure of household members, education, gender of the household head, and the participation in the labor force. Recently, researchers have included domestic violence prevention and gender-based antidiscrimination policies into this classification. All those features organize into three groups as demographic, economic and social characteristics.

Size and characteristics of the household (such as age) show a significant relationship with poverty level.

Similar to above factors, dependency ratio also influences the poverty level of the household. This ratio measures the burden on participants of the labor force within the household unit. Researchers expect that higher the dependency ratio will be associated with higher poverty level. Further, Poverty Manual (2005) indicates that gender of the household head significantly affects household poverty level. Meantime, it highlights that households headed by women are poorer than those headed by men.

There are a number of economic factors that associated with poverty level of the household. The household employment status and the type of property owned by the household can be identifying as an important. Household employment is determining by different indicators, such as how many hours they work; whether they hold multiple jobs; and how often they change employment. The property of a household consists of tangible assets as well as financial assets. Since property is difficult to value in any reliable way, many researchers do not like to include in determining poverty level (Poverty Manual, 2005).

Apart from the demographic and economic indicators, several social indicators are associated with poverty and household living conditions. The most widely used measurements are health, education level and housing condition (Poverty Manual, 2005).

Geda et al. (2005) examined determinants of poverty in Kenya using household level data in 1994. They used few explanatory variables, age, marital status, employment, education, area of residence (rural or urban), total holding of land, and number of animals owned. The educational level of the household head is strongly associated with poverty level. Lower level of education is a factor that leads for a higher probability of being poor. Further, they found that female-headed households are suffering more than households of which the head is men. They reveal that female education plays a key role in decreasing poverty level of the households. Another important determinant of poverty in Kenya is size of the household. The study also reveals the higher likelihood of being poor of those who are engaged in the agricultural sector.

Mukherjee and Benson (2003) examined the determinants of poverty of Malawi, conducting a multivariate analysis using 1997–98 Malawi

Integrated Household Survey data. They conducted a simulation study to identify the effect on poverty of households of Malawi by using of household level demographic and education variable, such as employment and occupation, agriculture, access to services and utilities variables, community characteristics and access to services at the community level. The poverty is measured by total daily per capita consumption. The simulations results showed that the effects of educational level, especially for women, and the reallocation of household labor away from agriculture and into the trade and service sector of the economy were effective in mitigating poverty.

Szekely (1998) has conducted research on poverty in Mexico based on the 1984, 1989 and 1992 surveys. He observes that age of the household head is not appropriate in explaining poverty. According to the results, there is no evidence that female- headed households are more likely to being a poor than maleheaded households. Further, he reveals that the most important factor in explaining poverty is an education attainment. Other factors that influence the poverty level are household size, area of the living and occupational disparities. The people who live in rural area have more tendencies towards the poverty.

Employing a logistic regression model, Rodríguez and Smith (1994) examine the effects of several economic and demographic variables on poverty in Costa Rica. They used the data from a national household-income survey carried out in 1986. They found that there is a higher probability of being in poverty if the level of education is low. On the other hand, the higher the child dependency ratio and for families living in rural areas shows a higher probability of being in poverty.

Sunmee C. and Taeyoon K. (2017) examine the poverty status in Rwanda using the 2010–11 Integrated Household Living Conditions Survey data. Results show that gender of household head is significantly related to poverty status in Rwanda, meaning that families with a female headed household are more likely to being poor. Another finding is that a household is more likely to being poor if their residential area is rural. Further, they show that there is a tendency of being poor as the total number of household member increases. Especially, a family with a number of family members under age 16 is

more likely to being poor than the other age groups There is significant association in between nature of the employment of household members and poverty status. They find that employing in the following sectors are negatively related with poverty status: cultivation of a self-employed farm; working in a farm belonging to a household member for no payment; and agricultural activity. The study finds that there is a positive relationship between education level and poverty status.

Ranathunga and Gibson (2014) study the micro-level factors and household poverty in the rural sector in Sri Lanka using Household Income and Expenditure Surveys (HIES) data in 1990/91 to 2009/10. They use Probit Regression model for the analysis. The result shows that households with the higher dependency ratio, the large household size, and head employed in private sector and the female headed households are more likely to being poor in the rural sector in Sri Lanka.

Large number of researchers has put their attention to identify determinants of poverty level in different countries in measuring poverty in all its dimensions and generating the required data. Those studies mainly focus on determinants of poverty level and how changes in economic policy influence incidents of poverty. Although there is a considerable number of research and literature on poverty, there are limited numbers of studies on poverty determinants in Sri Lanka. Therefore the present study focuses on above said variables simultaneously for the analysis and investigating income disparity by using different measurement and instrument.

III. OBJECTIVES OF THE STUDY AND METHODOLOGY

The main objective of the study was to determine the factors which affecting poverty status of households in Madulla DS in Moneragala district and more specifically the study examine the following;

1. To establish the relationship between demographic (size of the household, dependency ratio), economic (No. of Employed Person, income level of the household) and social characteristics (education level), and poverty among households in Madulla DS in Moneragala district

2. To determine the income distribution pattern among households by using Distributive analysis (DAD) program

The study use poverty level as dependent variable and it is measured by using poverty line based on per capita income. It selects seven independent variables based on previous literature namely; No. of Employed Person of the household, education level of the household head, income level of household, dependency ratio and size of the household. And other two dummy variables are used to identify the impact of head of the household being a casual wage earner and head of the household being a female on poverty level.

In order to achieve the above objectives, the following Null Hypothesis (H₀) was tested.

There is a significant relationship between poverty level (dependent variable) and independent variables; such as No. of Employed Person of the household, education levelof the household head, income level of the household, dependency ratio of the household, size of the household, nature of earning of the household head and gender of the household head.

Main objective of the study is focused to identifying factors affecting poverty level. This study is an inductive research and data is collected through secondary sources from Divisional Secretary Office in Madulla division in Monaragala district, Sri Lanka in 2016. At the same time, data from Household income and expenditure survey in 2015 conducted by Department of Census and Statistics is used to identify high poverty divisions in Monaragala district. Income data of each household in Madulla division and other specific data of households are collected from Grama Niladhari in Madulla division. Collected data is analyzed by employing multiple regression model and DAD software by using different indexes. Gini coefficient and Lorenz curve is used to investigate income distribution of the households.

Madulla division is the second largest divisional secretary area in Monaragala district which has an area

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of 675 square kilo meters. Approximately, 10,055 households live in this division. There are 38 Grama Niladhari divisions and 139 villages in Madulla area. This study is collected data from Mullegama sub division in Madulla division. 1,031 people live in Mullegama division including 529 males and 502 females with 259 households. Sample is selected using purposively sampling method.

The computed national poverty line is used to identify the poor households for the Mullegama sub division. According to most recent estimation by department of census and statistics, national poverty line of Monaragala district is Rs. 3912 in 2017. The selected sample size is 70 households whose income level is less than Rs.3912.

IV. ANALYSIS AND RESULTS

This section presents socioeconomic characteristics of the households in Mullegama sub division in the first section and results of the regression analysis in the second section.

4.1 Socio-economic characteristics of the households

This sub section presents socio-economic characteristics of the households in research area. Total population in this sub division is 1031 and number of households is equal to 257. Out of 1031, 538 majorities (52%) represent male population.

According to the data, which are presents in Table 05, there are 257 households in Mullegam area who employed in different sectors. Majority of the households (118) are engaged in agriculture sector. Out of the 257, 135 households receive Samurdhi facility from the government.

Table 05 Demographic Characteristics of Households in Mullegama sub division

Background Characteristics	Frequency
Age groups	
Below 5 years	40

6 to 14	277
15 to 29	372
30 to 60	217
Above 60 years	125
Total	1031
Gender	
Male	538
Female	493
Total	1031
Employment (No. of Househ	olds)
Agriculture	118
Government Sector	111
Private Sector	17
Self	03
Other	08
Total	257
Samurdhi Beneficiaries (No.	of Households)
Rs. 3500.00	49
Rs. 2500.00	20
Rs. 1500.00	35
Rs. 420.00	31
Total	135
Ownership of Vehicle	L
Foot Bicycles	57
Motor Cycle	131
Lorry	11

Three-wheeler	21
Land Master	20
Total	251

Source: Author compiled

4.2 Results of the analysis

Table 06 demonstrates the results of the correlation analysis for the poverty determinants. Except gender of the household head, all the independent variables are statistically significant in the models and are economically meaningful.

Table 06 Correlation Output

Variable	Sig.(2-tailed)	Hypothesis Accepted/ Rejected (H ₀)
No. of Employed Person	.000	Accepted
Education Level	.000	Accepted
Income Level	.000	Accepted
Dependency Ratio	.000	Accepted
Size of the household	.003	Accepted
Nature of Earning	.000	Accepted
Gender of the household head	.782	Rejected

Source: Author compiled

A multiple linear regression analysis is used in order to identify the explanatory power of the variables. The validity of the model is verified based on value of Adjusted R- square (\mathbb{R}^2), F- statistic and t- test. The Adjusted R- square is explained the overall explanatory power of the model, meantime the Fstatistic is used to measure the overall significance of the model and the t-test is conducted to verify the significance of the independent variables (Oyeniyi 1997). R-square is the percentage of the response variable variation that is explained by a linear model. Table 07 shows the results of the model summary. It verifies that adjusted R^2 of the regression model is 95 percent which indicates the 95 percentage of the variation in the dependent variable is explained by the explanatory variables collectively, while the error term takes care of the remaining 5 percent.

Table 07 Model Summary

Model Summary ^b							
Mo	R	R	Adjust	Std. Error	Durbin-		
del		Squar	ed R	of the	Watson		
		e	Square	Estimate			
1	.976	.952	.948	.29336	1.885		
	а						
a. Pre	edictors	: (Consta	nt), Size of	f Household,	Nature of		
Earni	ing, De	pendency	ratio, Ed	ucation leve	el, Income		
level	, No. of	Employe	d Person				
b. Dependent Variable: Poverty level							

Source: Author compiled

Table 08shows the F-statistic and level of significant. At 1 percent level of significance, the F-statistic provides sufficient evidence to conclude that the regression model provide a better fit to the data.

Table 08 Results of ANOVA

A	NOVA ^b				
М	odel	Sum of Squares	Mean Square	F	Sig.
1	Regression	107.85 0	17.975	208.87 1	.000ª
	Residual	5.422	.086		
	Total	113.27 1			

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a. Predictors: (Constant), Size of Household, Nature of				
Earning, Dependency ratio, Education level, Income				
level, No. of Employed Person				
b. Dependent Variable: Poverty level				

-

Source: Author compiled

Table 09 presents results of the multiple regression analysis of the model. The positive signs of the independent variables are indications that their existence has led to increase in rate of poverty in Mullegama sub in Madulla division, Monaragala, Sri Lanka

Table 09 Regression Output

Coefficients ^a						
Model		Unstand ed Coeffic	lardiz ients	Standa rdized Coeffi cients	t	Sig
		В	Std. Erro r	Beta		
1	(Constan t)	.361	.505		.715	.47 7
	Nature of Earning	.115	.099	.043	1.165	.24 8
	Educatio n level	.069	.058	.058	1.187	.24 0
	Depende ncy ratio	3.966	.811	.567	4.890	.00 0
	Income level	- 4.364	.000	-1.140	- 17.234	.00 0
	No. of Employe d Person	920	.211	590	-4.359	.00 0
	Size of Househo Id	.790	.094	.624	8.366	.00 0

a. Dependent Variable: Poverty level

Source: Author compiled

The bold numbers on the coefficients of variables indicate that they are significant at the one percent level. In the linear regression, the following independent variables are statistically significant and positively correlated with poverty: dependency ratio and size of household. Large share of dependency ratio and large size of households are associated with higher poverty level. The following independent variables as statistically significant and negatively correlated with poverty: income level and number of employed person. The coefficients of the income level and employment status are highly significant, indicating the higher the income level and higher the employment reduce the poverty level among households. The independent significant variable with the largest positive magnitude is dependency ratio, while the independent significant variable with the largest negative magnitude is income level.

We estimate the Gini coefficient by employing DAD program with micro level income data of the households in Mulgara sub division in Medulla to examine income distribution among the households. The result shows in Table 10 as below.

Table	10	Gini	Coefficient
Table	10	Gini	Coefficient

Variable of	Household income
interest	
Parameter	ρ=2.0
Estimated value	0.21453682

In this study, result indicates that there is no much income inequality in Mullegama sub division since estimated Gini coefficient of the area is recorded low value as 0.21453682. The Gini coefficient is a statistical dispersion measurement which equal to 1 means there is perfect income inequality and when, it is equal to 0 mean there is perfect income equality.

According to the above result, we can conclude that there is a low relative poverty in the research area even though the absolute poverty level is high. Further, the following Figure 02 also provides evidence on low relative poverty level in the research area

Figure 02 Lorenz curve for Mullegama sub division in 2016



V. CONCLUSION

The purpose of this paper is to find out the determinants of poverty level and identify income distribution pattern among households in Mullegama sub division in Madulla Division. Sri Lanka. The results of the regression analysis reveal that noumber of employed person of the household, income level of household, dependency ratio and size of the household as main determinants of poverty level in the research area. Findings of this research are similar to findings of Ranathunga and Gibson (2014). Another important result of this study is relating to relative poverty level among the households. Estimated Gini coefficient shows that relative poverty level is low or on the other hand income is distributed equal manner among households in the area. This result is completely based on sub division of Madulla division. Therefore, more research is needed to understand why poverty is varying between districts that adjoin each other. We noticed that the poor and near-poor tend to rural and disconnected from productive earnings opportunities. Among those poor and near-poor people that are employed, a large proportion is engaged in agriculture sector. It is a field with usually fewer opportunities to add value to products and lower wages than service or industrial sector.

It is therefore, recommended that government budgetary allocations need to be increased for poor areas to cater for social services and should take into consideration the region-specific poverty status as well.

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