

## **DO POVERTY DETERMINANTS DIFFER OVER EXPENDITURE DECILES? A SRI LANKAN CASE FROM 1990 TO 2010**

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### **Abstract**

*The purpose of this paper is to examine the poverty profile and the determinants of poverty over expenditure deciles in Sri Lanka in 1990 to 2010. The study employed probit, Quantile and OLS regressions based on Sri Lankan HIES data. The results confirm that the major determinants of household poverty in Sri Lanka are human capital-related factors which can be linked to the labour market. This is a common factor for each expenditure quantiles in Sri Lanka. Quantile regression results showed that remittances played a significant role in poverty reduction, in particular, higher expenditure quantiles indicated a higher impact. Further, the 2009/10 results confirmed that local remittances have contributed tremendously to poverty reduction in the higher expenditure quantiles.*

*Keywords: Poverty Profile, Poverty Determinants, Expenditure Deciles, HIES Data, Quantile Regression, OLS, Sri Lanka*

### **INTRODUCTION**

Analysis of the determinants of household poverty is imperative in order to develop strategies for efficient and effective intervention schemes aimed at poverty reduction. A key point in poverty analysis is the poverty profile, where poverty measurements provide significant yardsticks for understanding the nature of poverty, which differs from region to region and country to country. Since the poverty profile describes the pattern of poverty, understanding the poverty profile is vital for effective planning for poverty reduction in any country. However, poverty profiles are not principally concerned with the factors which determine household poverty but instead represent more of a cross-sectional association between poverty and