

## The factors determine household-poverty in the estate sector in Sri Lanka

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### Abstract

A satisfactory explanation of why some people are poor is essential to tackle the roots of poverty. Therefore, the causes of poverty and their behavior over time are important to understand the depth of the problem in a particular sector in a country. This study examines the micro-level factors associated with poverty levels and changes in the estate sector in Sri Lanka. Disaggregated Household Income and Expenditure Survey (HIES) data from 1990/91 to 2009/10 are analysed using probit regression analyses.

The results of the probit regressions indicate that the major determinants of escaping poverty are the household head being employed in public sector, the head engaging in the non-agriculture sector, the spouse being employed, and the higher female adult ratio of the household, and the receipt of remittance. They are statistically significant variables to the model. Households with the higher dependency ratio, the large household size and the female headed households are more likely to be poor in the estate sector in Sri Lanka.

Almost all the coefficients (both positive and negative factors) show declining trends of their impact on poverty over time. Remittance plays a very important role in poverty reduction in Sri Lanka as a whole and especially in the estate sector in 2010.

**Keywords:** Poverty determinants; probit regression analysis; estate sector; Sri Lanka

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