

The incidence of poverty trap in the rural sector: An investigation into the persistence of poverty

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There has been a long drawn debate on the extent and causes of chronic poverty in Sri Lanka. This debate was significant because poverty in the rural sector in particular appeared to persist despite the precipitous reduction of urban poverty. According to the most recent data the head count poverty of the rural sector hovers around a staggering 25 percent. This paper argues that the incidence of poverty trap at household levels is one of the fundamental causes that engender rural poverty. The concept of poverty trap illustrates how poverty process functions in a circular causation with a number of feedback loops. The objective of this paper is to explain why poverty persists in the Sri Lanka's countryside.

The paper employs the poverty trap framework to explain the incidence of poverty for which secondary data drawn from the CFSES of the Central bank of Sri Lanka and HIES of the Department of the Census and Statistics are used extensively. These two data sets are supplemented with primary data collected by the researchers in the district of Hambantota.

The findings of this study show that in the case of the lowest income deciles, in particular the poor face severe family budget constraints to meet their basic needs. The average 'dissavings' of the poorest income decile is about 2.5 percent. Consequently they are unable to meet the cost of food, health, education etc. The shortage of food grain causes malnutrition that makes them exposed to epidemics such as malaria, diarrhoea, and tuberculosis etc. This is especially so during droughts and associated conditions of famine. The situation is further compounded by the frequent incidence of unattended morbidity. Consequently, they are unable to reap the full potential of their farm plots. Their poor health restricts employment opportunities in the non farm sector. This diminishes their income flows altogether. Another channel of the poverty trap is the incidence of low educational attainment. The household heads who are illiterate are afflicted by low and irregular income flows. Moreover, they seemed to have failed to appreciate the importance of education needs of their own children as school attendance becomes poor in the poverty stricken areas; this becomes disturbingly low during the peak seasons when the child labour is abundantly used to meet increasing labour needs.

On the whole this paper argues that the conditions and processes as they operate today make the poor malnourished, weak in health status, exposed to further health hazards, afflicted by irregular and

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unsteady flows of income thus making them incapable of moving out of the poverty trap. This process engenders persistence of poverty in the rural sector of the country.

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