

# **Determination of Influential Factors to Predict Household Income and Feasible Loan Amount in Badulla District, Sri Lanka**

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As a result of economic decline and expectation of high standard living conditions, majority of Sri Lankans are struggling to fulfil costs of their basic needs. Stability of income and expenditure can be recognized as a good solution for this problem. The study attempts to investigate determinants which are influencing to income and financial assistantship (loan). At the first stage of the study, impact of costs for basic needs is investigated. The analysis required multi-cultural respondents for a successful survey study. Badulla was perfect with given pre requirement since it covers variety of living conditions in a limited extent. A multi-stage random sampling technique was used to select 500 household heads from six divisional secretariats. The selected divisional secretariats are Badulla, Passara, Uva-Paranagama, Haldummulla, Soranathota and Meegahakivula. Primary data was collected through interview with the use of semi structured questionnaire. Data analysis was accomplished using descriptive statistics, confidence interval, one-way ANOVA and multiple regressions. Results of one-way ANOVA imply that living area can effect on costs for basic needs. Multiple regression analysis showed that total income can be predicted by cost for foods, transport and clothing (p-value<0.05) with 70.9% model accuracy. Moreover, feasible loan amount can be predicted using cost for electricity, water, education, health and social activities (pvalue<0.05) with 87.0% accuracy. These five significant factors can be recognized as major reasons to expect a financial assistantship. Result implies that no existing common determinant which explains both income and loan amount. The government administrative and financial sector can get the benefit of this study.

*Keywords:* Feasible loan amount, Income, Multiple linear regression