

**MIGRATION, REMITTANCES AND POVERTY IN RURAL
SECTOR OF SRI LANKA**

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ABSTRACT

Poverty means inability of households or individuals of a particular country to achieve a minimum level of income or consumption which is sufficient to ensure that the basic requirements are fulfilled. In the developing world migration and earning of remittance have often caused by individuals seeking better economic opportunities for themselves and their families to overcome poverty. The inflow of remittance in developing countries has increased dramatically since last three decades from US\$30 billion in 1990 to US\$400 billion in 2016, and has emerged as most important financial source for the developing countries. Therefore, it is considered migration offers upward economic mobility to those in economically marginal areas. However, in Sri Lankan context studies on the finding the impact of migration and remittance on poverty of rural household is lacking. Using a nationally representative data set of rural households collected by Department of Census and Statistics in Sri Lanka 2009/2010 period, I attempt to find the impact of migration and remittance on poverty and inequality. The data were analyzed using multinomial logistic ordinary least square selection control model. The results reveal that the poverty in the rural sector noticeably reduces while inequality widens as a result of the receipt of the remittances. More specifically with the receipt of remittances, Poverty Headcount Index, Poverty Gap Index and Squared Poverty Gap Index reduce by 1.85%,0.37% ,0.02% respectively and Inequality widens by 5.41%. This study concludes that remittances are an acceptable source of income for household income on rural sector of Sri Lanka while attention should be paid on appropriate actions to minimize such gaps in inequality.

Keywords: Migration; Remittances; Poverty; Rural Sector; Sri Lanka