



A Study on Factors Influencing Household Spending in the Anuradhapura District

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Abstract

This study examines the key factors influencing household spending patterns in the Anuradhapura district, with a focus on the distinctions between urban and rural areas. The aim of this study is to ascertain the primary factors that impact household consumption spending patterns. Data were examined using multiple linear regression, correlation analysis, and descriptive statistics on a sample of one hundred randomly chosen families. The findings reveal that household income, family size, and land ownership are the most significant determinants of household spending, with income and family size showing a strong positive correlation. Conversely, the age and education level of the household head exhibit a negative correlation with spending and a significant positive correlation between income and land ownership, and a negative relationship between income and factors like gender, education, and location. Urban households exhibit higher average monthly expenditures (Rs. 61,381) compared to rural households (Rs. 52,734), reflecting disparities in spending behavior. The study concludes that income, family size, education, and location are significant determinants of household expenditure, with policy implications for addressing income inequality and improving living standards. These results suggest that targeted policy interventions are necessary to address the economic disparities in household spending, particularly in rural areas. Enhancing household income through improved education and employment opportunities could lead to better financial management and increased economic welfare. The implications of this research are crucial for policymakers aiming to reduce economic inequality and enhance the standard of living in the region.

Keywords: Demographic characteristics, Disposable income, Household spending, Independent sample t-test, Multiple linear regression.

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