An Analysis of Economic Transactions of Households in a Rural Community: A Case Study in "*Diddenipotha*" Village in Sri Lanka

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Information about the nature of transactions by economic agents and the importance of such in the income distribution within economies provide designing social safety nets. However, this information is rarely available for rural communities. This research aimed to identify economic transactions that are taking place within rural households in a selected rural community, quantify the values of transactions, identify the shares of different parties involved in the transactions, and identify the shares of households within and outside of the area. Ellis's (2000) "Sustainable Livelihoods Framework Model" is used as the theoretical framework. Data were collected from 100 randomly selected 100 households from *Diddenipotha* village in the Matara district of Sri Lanka. A structured survey schedule was used. Economic transactions that are currently taking place within households were identified and listed. Binary logistic regression was used to model the relationship between the current employment status and current financial status. Whitney U test was used to check the difference between the quantity of labor within the village and outside of the village. Findings show that there is a significant difference between the quantity of labour used within the village and outside of the village Sixty-five percent of households engage in farming and the sale of farm produce. Thirty-one percent of household heads are tea estate labourers. Some households can be included in neither as labor-hiring nor labor-supplying since they are engaging in self-employment or using family members to work in their fields.

Keywords: Binary logistic regression, Factor shares, Labour use, Rural Sri Lanka, Sustainable livelihoods

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