

ROLE OF FARMER ENTREPRENEURSHIP IN ALLEVIATING RURAL POVERTY IN ANURADHAPURA DISTRICT, SRI LANKA

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Persistent rural poverty in Sri Lanka is recognized as a critical issue, with severe economic hardships being faced by many farmers. Therefore, the relationship between farmer entrepreneurship and poverty alleviation in the rural areas of *Anuradhapura*, Sri Lanka, was examined. The capability approach served as the foundation for this research, focusing on how economic, educational, and socio-cultural capabilities influence both quantitative and qualitative growth of farmer entrepreneurship. The contribution of these growth dimensions to poverty reduction was also analyzed. The snowball sampling method was employed to gather data from 154 farmer entrepreneurs across *Anuradhapura*, and a structured questionnaire was utilized for this purpose. Structural equation modeling (SEM) was applied to the data using AMOS 26.0, and SPSS 22.0 was used to test the hypothesized relationships. An acceptable fit was indicated by key model fit indices (CFI=0.918). It was revealed by the findings that socio-cultural capability was a significant driver of both quantitative ($\beta=0.71$, $p<0.05$) and qualitative ($\beta=0.76$, $p<0.05$) entrepreneurial growth. A stronger positive impact on poverty alleviation was shown by qualitative growth ($\beta=0.86$, $p<0.05$) than by quantitative growth ($\beta=-0.32$, $p<0.05$). The results suggested that improving the quality of farmer entrepreneurship, (such as actively supporting community development projects and contributing income to improve villagers' welfare) can be more effective for reducing poverty than quantitative growth of farmer entrepreneurship (increasing number of entrepreneurs, increasing number of enterprises). The study highlighted the importance of implementing targeted policies to strengthen capabilities and support quality-driven entrepreneurial activities, community development, and income distribution to improve village welfare in rural areas. This research contributes to the literature on rural entrepreneurship and poverty alleviation by contextualizing the role of farmer entrepreneurship in emerging economies like Sri Lanka.

Keywords: Capability approach, Quantitative growth of farmer entrepreneurship, Qualitative growth of farmer entrepreneurship