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Household Income and Expenditure Survey 2005

Summary Findings

Department of Census and Statistics
Sri Lanka

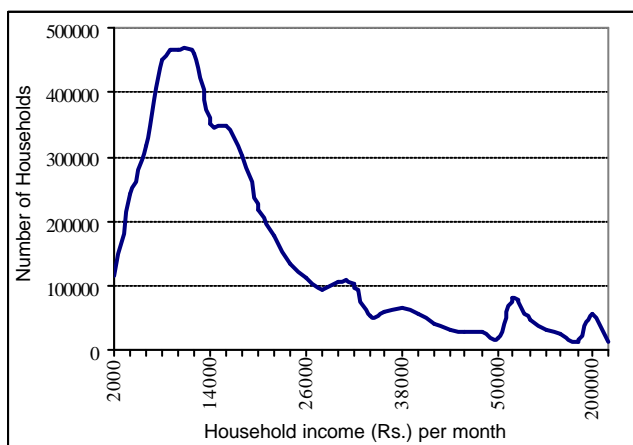
1. Introduction

Department of Census and Statistics conducts Household Income and Expenditure Survey (HIES) once in every five years time and the general sample size is 25000 housing units to facilitate the information be given at the district level. In 2005, a special HIES was conducted to capture income and expenditure patterns of the country after the Tsunami disaster happened in December 2004. The sample size of this survey was 5000 housing units distributed among all the 25 districts in Sri Lanka. Data collection of the survey was done in the 3 months from September to November 2005.

2. Household income

Household income is the income received by all the members of the household from various sources including not only the monetary income but also the non-monetary income. The survey results revealed that the average household income per month is Rs.20048 in 2005. In 2002, average household income was Rs. 12803. Percentage increase of household income at current prices is 57 percent and percentage increase in real term (after removing the effect of inflation) is 21 percent.

Graph 1 - Distribution of Household income - 2005



According to the survey results, urban sector households have received an average income of Rs. 31239 and rural sector households have received an average income of Rs.12070 per month (Table 1).

Sector	2005 Rs.	2002 Rs.
Sri Lanka	20048	12803
Urban	31239	22420
Rural	18634	11712
Estate	12070	7303

The survey results reveal that the median household income per month for Sri Lanka is Rs.13617, which means 50 percent of the households in Sri Lanka have received less than Rs. 13617 per household per month in the year 2005. The respective figure was Rs. 8482 in 2002.

Sector	2005 Rs.	2002 Rs.
Sri Lanka	13617	8482
Urban	20167	14061
Rural	12998	8091
Estate	10358	6250

Income inequality of a society can be measured by Gini co-efficient. It can take values between zero and one. If the value of the Gini co-efficient is zero then it indicates the perfect equal distribution of income. In 2005, survey results reveal that Gini co-efficient for household income is 0.47. It has been fluctuated from 0.43 to 0.47 during the last three decades. Income share received by the highest 10 percent of the households is 36 percent. The lowest 10 percent of the households receive only 1.5 percent of income share. This pattern also remains unchanged in the last three decades.

When the Tsunami affected areas and the Tsunami unaffected areas are compared, it shows that the mean household income in the Tsunami affected areas (Rs. 27521) is greater than that in the Tsunami unaffected areas (Rs. 19776). The reason for this higher disparity is receipt of more non monetary income by households in the Tsunami affected areas. The average monthly non-monetary income per household in the Tsunami effected areas and Tsunami unaffected areas in 2005 are Rs. 9323 and Rs. 2409 respectively.

3. Per capita income

Per capita income is estimated by dividing the income of all the households by the estimated number of household population. According to the survey average per capita income is Rs.4896 per month for Sri Lanka in 2005. In 2002, the per capita income per month was Rs. 3056.

Sector	2005 Rs.	2002 Rs.
Sri Lanka	4896	3056
Urban	7318	4997
Rural	4601	2835
Estate	2770	1663

Percentage increase of per capita income from 2002 to 2005 at current prices is 60 percent.

Considering in real terms of the per capita income the percentage increase is 24 percent (Table - 3).

4. Income receiver's income

A person whose estimated total monthly income from all the sources is more than or equal to Rs. 100 and aged 10 years or more is defined as an income receiver or obtainer in this survey. If the age of the person is less than 10 years or he/she earns less than Rs. 100 per month then his or her total monthly income is added to the income of the head of the household.

In 2005 the average monthly income receiver's income is reported as Rs. 10564 for Sri Lanka. When sectors are compared an income receiver in the urban sector earns as almost three times of income as income earns by an income receiver in the estate sector. The reported figures for urban sector and estate sector are Rs. 16062 and Rs. 5364 respectively. The income receiver's income in the rural sector is Rs. 9972.

It is apparent that the average number of income receivers per household has slightly increased from 2002 to 2005 in almost all the sectors when the two surveys are compared. (Table 4)

Sector	Average household size		Number of income receivers per household	
	2005	2002	2005	2002
Sri Lanka	4.1	4.2	1.9	1.8
Urban	4.3	4.5	2.0	1.9
Rural	4.0	4.1	1.9	1.8
Estate	4.4	4.4	2.3	2.2

5. Household expenditure

Household expenditure was collected under three main sections.

1. Expenditure on food
2. Expenditure on non-food
3. Expenditure incurred by boarders and domestic servants.

To improve the quality of the data, different reference periods were imposed on each section and sub-section, i.e. seven consecutive days for expenditure on food items, one month for expenditure on housing, fuel and light, six months for expenditure on clothing and twelve months for durable goods etc.

The survey results revealed that the mean household expenditure per month is Rs. 19151 in 2005. Of that Rs. 7593 is spent on food and drink, which is about 39.6 percent of the total expenditure. This proportion is defined as the Food ratio. Expenditure on non-food items is reported as Rs. 11558 per month. Of that value Rs. 479 is spent on liquor and tobacco, which is about 4 percent of the non-food expenditure.

Sector	2005 Rs.	2002 Rs.
Sri Lanka	19151	13147
Urban	26529	22196
Rural	18292	12063
Estate	12685	8786

When the current prices from 2002 to 2005 are considered the mean household expenditure has increased by 46 percent. As usual household expenditure per month for urban sector is the highest among all the sectors in 2005. (Table 5)

6. Consumption of selected food items

Per capita expenditure on food is reported as Rs.1854 per month. Mean per capita consumption of rice per month is 8.7 kg and bread is 1.8 kg per month. When compared with 2002, per capita consumption of bread has decreased by 25 percent while per capita consumption of rice per month has increased by 4 percent.

Item	Unit	Quantity per month	Value per month (Rs.)
Total food expenditure	-	-	1854
Rice (Samba)	gram	1251	46
Rice (Nadu)	gram	3196	92
Rice (Kekulu)	gram	4249	118
Wheat flour	gram	763	23
Bread (normal)	gram	1796	67
Dhal	gram	539	44
Big onions	gram	534	25
Sugar	gram	1373	61
Coconut	num.	7	105
Vegetables	gram	-	151
Fresh Fish	gram	933	158
Dried Fish	gram	308	71

The value of consumption of selected food items such as Rice (Kekulu, Nadu, Samba), Wheat flour, Bread, Fish (fresh) varies from sector to sector.

When sectors are compared it is seen that the households in estate sector consume more Wheat flour and Rice (Nadu) than those in the other two sectors as expected.

On the other hand households in urban sector consume more Bread and Rice (Samba) than those in the other two sectors. (Table 7)

Item	Sri Lanka	Sector		
		Urban	Rural	Estate
Rice (Kekulu)	484	316	520	359
Rice (Samba)	190	338	172	70
Rice (Nadu)	375	216	384	675
Wheat flour	94	76	72	510
Bread (normal)	273	399	261	123
Dhal	179	171	180	193
Fish (fresh)	647	965	619	215
Dried fish	290	222	308	185
Coconut (nuts)	429	420	435	347

7. Non food expenditure for major groups

As usual every Household Income and Expenditure survey reveals that expenditure on housing is the highest expenditure group among all non food expenditure groups in Sri Lanka. The estimated rental values of owner occupied housing units, housing units occupied without paying any rental fee etc. are also included in that group.

Expenditure on Transport and Communication to total expenditure is reported as about 15 percent in 2005. When the previous survey in 2002 is considered it is noted that the expenditure value for transport and communication has increased by nearly 87 percent over the period.

The major expenditure group 'Other non-consumer' is the largest non-food expenditure group which reported 26 percent of the total non-food expenditure (Table - 8). This group contains a large amount of expenditure made on weddings, funerals, social activities, ceremonies, payment of debts, constructions/ renewal of part of the house etc. including savings during the one year reference period. Therefore it reports relatively higher values than in the other major non-food expenditure groups.

Major expenditure group	Value (Rs.)	%
Total non-food expenditure	11558	100
Housing	2054	17.8
Fuel & Light	811	7.0
Clothing & Personal effects	588	5.1
Personal Care & Health	1106	9.6
Transport & Communication	1733	15.0
Education	473	4.1
Cultural & Entertainment	255	2.2
Non - durable household goods	315	2.7
Consumer durables	713	6.2
Other non-consumer expenditure	3033	26.2
Liquor, Narcotic drugs and tobacco	479	4.1