



Household Income and Expenditure Survey – 2009/10 Preliminary Results

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Introduction

The Department of Census and Statistics (DCS) conducts the Household Income and Expenditure Survey (HIES) under the National Household Survey Programme. Until 1990 the HIES was conducted combined with labour force survey named as Labour force and Socio-Economic Survey. In 1990, the DCS first initiated the HIES as a separate survey and continued once in every five years till 2006/07. As rapidly changing economic conditions demanded far more frequent monitoring of the income and spending patterns in the country, the DCS decided to conduct the HIES once in every three years starting from 2009/10.

Generally the HIES is conducted over a period of 12 consecutive months to capture seasonal variations of income and expenditure patterns in Sri Lanka and the general sample size is 25,000 housing units



which is adequate to provide reliable information down to district level. The HIES 2009/10 is the seventh in the HIES series and the field work of the survey was carried out during the period from July 2009 to June 2010.

The HIES questionnaire was revised in 2006/07 and now it consists of nine sections to collect household informa-

tion covering the following areas.

- i. Demography
- ii. School education
- iii. Health
- iv. Food and non-food expenditure
- v. Income
- vi. Inventory of durable goods
- vii. Access to facilities in the area and debts of the households
- viii. Housing Information
- ix. Agriculture holdings and Livestock

Coverage of the Survey

Information presented in this report is based on the data collected from 5,289 housing units through out the country excluding Jaffna, Mannar, Kilinochchi and Mulaithive districts in the Northern province, during the first three months (July, August and September, 2009) of the HIES 2009/10.

Special points of interest:

2009-HIES

- Average monthly household income
 ↪ Rs. 35,495
- Average monthly per capita income
 ↪ Rs. 8,931
- Average monthly Income receiver's income
 ↪ Rs. 19,520
- Average monthly household expenditure
 ↪ Rs. 32,446
- Household size
 ↪ 4.0 persons
- Number of income receiver's per household
 ↪ 1.8 persons



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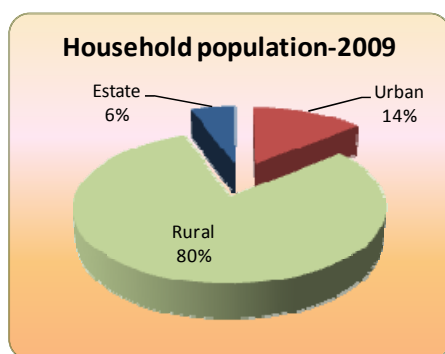
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Main objectives of the survey

- i. To measure levels and changes in living conditions of the people.
- ii. To observe the consumption patterns.
- iii. To compute various other human development and socio economic indicators such as poverty, price indices etc.

Population

Figure 01 :Household population in Sri Lanka-2009



The survey reveals that the estimated household population is 19.7 million in Sri Lanka in 2009. When the three residential sectors are considered, majority of the population (80%) is in the Rural sector, recorded as 15.8 million. Population in the Estate sector is nearly one million which is 6 percent of the total population in Sri Lanka.

Female population is higher than the male population in Sri Lanka. The female population reported in the survey is nearly 10.4 million. However there is no difference between the numbers of male and female population in the Urban sector.

Table 1: Household population (in millions) by sex and sector - 2009

Sector	Total	Sex	
		Male	Female
Sri Lanka	19.7	9.3	10.4
Urban	2.8	1.4	1.4
Rural	15.8	7.5	8.4
Estate	1.1	0.5	0.6

School attendance

Table 2: Percentage distribution of school attendance of children aged 5-14 years by sector

Sector	Total (%)	Currently attending school (%)	Never attended School (%)	Attended school in past (%)
Sri Lanka	100.0	99.4	0.2	0.4
Urban	100.0	100.0	-	-
Rural	100.0	99.5	0.2	0.3
Estate	100.0	97.7	0.5	1.8

The HIES2009 reveals that among the total children aged 5 to 14 years in Sri Lanka, 99.4% children is currently attending school.

This analysis defines the School attendance as current attendance at any government, private, international or any other recognized school which provides regular education for children and the children in the age group of 5 - 14 years are

“The roots of education are bitter, but the fruit is sweet.”
Aristotle

“The thousand mysteries around us would not trouble but interest us, if only we had cheerful, healthy hearts.”

Friedrich Wilhelm Nietzsche

considered as the target population, in which school attendance is compulsory in Sri Lanka.

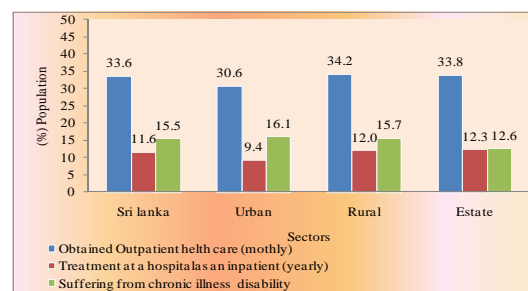
Health

In the health section of the survey questionnaire, the data was collected from each and every person usually living in the surveyed households considering two different reference periods. One month (last month) reference period was considered to investigate persons visits to any of the government or private hospitals, medical centers or healthcare centers to obtain out-patient health care services and

to investigate about persons who obtained treatments at a government or private hospitals as in-patients, the one year (last year) reference period was considered

The survey shows that in a month, nearly 33.6 percent of the household population obtains health treatments as out-patients.

Figure 02 :Health status of household population (percentage) by sector -2009



Household Income

Household income refers to income received either in cash or (Monetary income) or in kind (Non-monetary income) by all the residents in a household. This includes not only wages and salaries but also all the other sources such as agricultural and non-agricultural activities, other monetary receipts such as pension, disability and relief payments, regular rental and remittance receipts and returns from businesses or investments and any other irregular gains such as compensations, lotteries etc.

The survey reveals that the average household income per month is Rs. 35,495 in 2009 in Sri Lanka. In 2006/07 the average household income was reported as Rs. 26,286. Within the nearly 2.5 year period, the percentage increase of the household income at current prices is nearly 35 percent. However for the same period the real income (adjusted for the inflation of prices) shows a decrease by about 2.5 percent.

The median household income in Sri Lanka has reported as Rs. 24,106 in 2009 showing an increase of about 44 percent from 2006/07 and the real median household income has also increased by 4 percent from 2006/07 to 2009.

Figure 3: Average monthly real and nominal mean household income by survey

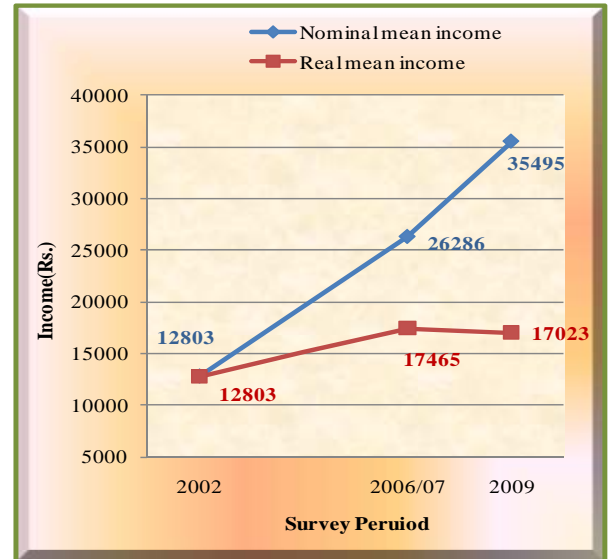


Table 3: Average monthly household median income by Survey period

Household median income per month	Survey period		
	2002	2006/07	2009
Nominal median income(Rs.)	8482	16735	24106
Real median income(Rs.)	8482	11120	11562

The HIES 2009 has found that the average monthly households income in the Urban sector has risen only by 10% from 2006/07 (from Rs. 41,928 to Rs.46,196). However the corresponding increase for the median household income is 32% from Rs. 23, 642 to Rs. 31, 312.

In 2009, the average monthly household income in the Estate sector, which shows a remarkable progress has increased by 32% (from Rs.19, 292 to Rs.25,649) with respect to 2006/07 survey. The median income too has increased in the Estate sector by 71% from Rs. 10,480 in 2006/07 to Rs.17,879 in 2009.

Table 4: Monthly mean and median household income by sector - 2009

Sector	Mean Income (Rs.)	Median Income (Rs.)
Sri Lanka	35495	24106
Urban	46196	31312
Rural	34329	23641
Estate	25649	17879



Table 5: Gini coefficient of the household income by sector and survey period

Sectors	Survey Period		
	2002	2006/07	2009
Sri Lanka	0.47	0.49	0.47
Urban	0.48	0.54	0.45
Rural	0.45	0.46	0.46
Estate	0.34	0.57	0.44

The national value of the Gini coefficient is 0.47 in 2009 which shows a drop from 0.49 reported in 2006/07. At the sector level the Gini coefficient was 0.54, 0.46 and 0.57 in Urban, Rural and Estate sectors respectively in 2006/07.

Gini Coefficient

There are many theories to explain how income inequality comes about. The most widely used single measurement is Gini coefficient. The range of the Gini coefficient index is between 0 and 1, where 0 indicates perfect equality and 1 indicates maximum inequality.

Per capita Income

Per capita income indicates the average living standard of a country or an area. In 2009 the per capita income in Sri Lanka is Rs. 8,931 per month. In 2006/07 it was Rs. 6,463 and has increased by 38% from then to 2009. Urban sector shows the highest mean and median per capita income among the 3 sectors.

Income receiver's income

In order to obtain the Income receiver's income, the HIES records the household income, received from all the sources, at person level. If a person is less than 10 years old or his total monthly income is less than Rs. 150, then he was not defined as an income receiver by the HIES 2009 and such income values are added to income of head of the respective households.

The survey reports that the average monthly income receiver's income for Sri Lanka in 2009 is Rs. 19,520 which is 35% increase from Rs.14,457 reported in 2006/07. The average number of income receivers per household is 1.8,

which remains unchanged since 2006/07.

When sectors are compared, an average income receiver in the Urban sector receives nearly two times higher income than an average income receiver in the Estate sector. Yet this high inequality shows a downward trend as it was nearly 2.3 times high in 2006/07. The income receiver's income reported by the Urban, Rural and Estate sectors in 2006/07 was Rs. 21,668, Rs. 13,495 and Rs. 9,407 respectively.

Table 6: Average monthly income receiver's income, number of income receivers per household and household size by sector – 2009

Sector	Income receiver's mean income (Rs)	No. of income receivers per household	House-hold Size (No. of persons)
Sri Lanka	19520	1.8	4.0
Urban	24112	1.9	4.2
Rural	19211	1.8	3.9
Estate	12408	2.0	4.3

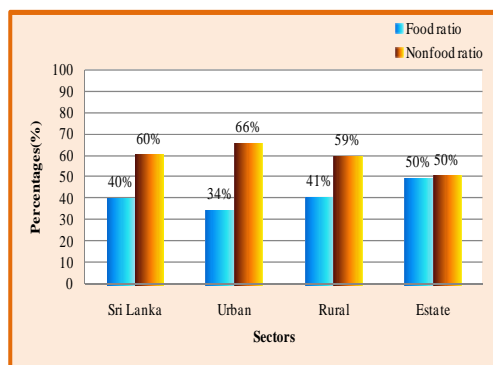
Household Expenditure

Household expenditure was collected under three main sections;

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

To improve the quality of the data and data collection, the HIES questionnaire imposes different reference periods

Figure 4: Food and nonfood ratio In Sri Lanka -2009



on different consumer items grouped depending on the general frequency of acquiring or purchasing of the items. i.e. seven consecutive days for all the food items, one month for Housing and Fuel and Light etc., six months for Clothing, twelve months for Durable goods and so on.

The Table 7 shows that the average household expenditure in Sri Lanka in 2009 is Rs.32,446 in which Rs. 12,918 (40%) is the expenditure on food consumption and Rs. 19,528 (60%) is on non-food items and services.

When compare the food and non-food expenditure at sector level, the Urban and the Rural sector households spend more on non-food than food. But the Estate sector non food expenditure is almost equal to food expenditure.

The average household expenditure reported in 2006/07 was Rs. 22,952 which has increased by 41% since then

“Be a money spinner”

Table 7: Mean household expenditure per month -2009

Sector	Mean expenditure (Rs.)	Food expenditure (Rs.)	*Non food expenditure (Rs.)
Sri Lanka	32446	12918	19528
Urban	44845	15446	29400
Rural	30805	12509	18296
Estate**	25662	12710	12951

* including Liquor, Narcotic drugs and Tobacco
** include Corporate & Non-Corporate sectors

$$\text{Food ratio} = \frac{\text{Expenditure on food and drink}}{\text{Total expenditure}} \times 100$$

to 2009. The food expenditure and the non-food expenditure were Rs. 8,641 and Rs. 14,311 respectively in 2006/07 and the percentage increases are 49.5% for food and 36.5% for non-food.

When the 3 sectors are compared over the period from 2006/07 to 2009, the mean household expenditure has increased by 27% in the Urban sector while the Estate sector shows 91% increase.

Over the same period, the Rural sector households have also gained by nearly 44% in their consumption expenditure.

The survey reveals that the real household expenditure (adjusted for the inflation measured by the Colombo Consumer Price Index) based on 2002 constant prices is Rs. 15,562 in 2009 which shows 18% growth from 2002 and just 2% growth from 2006/07.

When observing the sector level changes in the real household expenditure over the survey periods from 2002 to 2009, the urban sector has gained by 5.6% from 2002 to 2006/07 and dropped by 8.7% since then to 2009. However the Estate sector which reported just 1.8% growth in the real household expenditure from 2002 to

2006/07, reports 38% growth from 2006/07 to 2009 (Figure 5).

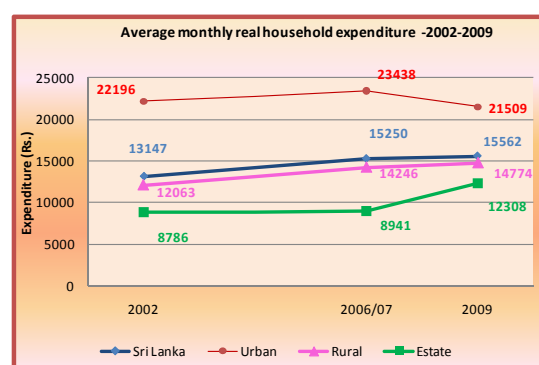
The main reason behind the relatively high expenditure growth reported in estate sector from 2006/07 to 2009 is increase of wages and salaries income of the plantation workers during the period.

Figure 5: Median household expenditure by sector

Sector	Median expenditure(Rs.)
Sri Lanka	24860
Urban	33078
Rural	24000
Estate	21510

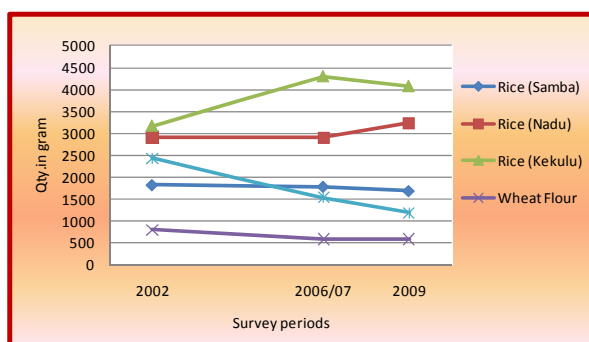
When consider the median household expenditure, the gap between the rural sector and the estate sector has been narrowed. However the urban sector which shows the highest median household expenditure value (Rs. 33,078) among the sectors is more than 50% higher than that of the estate sector.

Figure 5: Average monthly real household expenditure changes by survey periods



Food expenditure pattern

Figure 6: Average monthly per capita consumption of selected food items, 2002 - 2009



One way to study how the consumption patterns change is to examine and compare the per-capita consumption quantities and share of expenditure on different components of spending over time. During the period from 2002 through 2006/07 to 2009, consumption of some components have gradually increased, some have decreased and many have fluctuated.

The survey reveals that the per capita expenditure on food at national level is Rs. 3,229 in 2009.

The Table 8 shows that a large number of people consume Kekulu rice than Nadu and Samba. The per capita Kekulu consumption which was 4.3kg per month in 2006/07 has dropped to 4.0kg in 2009. The Nadu rice consumption has increased from 2.9kg to 3.2kg from 2006/07 to 2009 while the consumption of Samba rice and Dhal are showing a decrease (see Figure 6).

When the per capita consumption of all the necessary food items are examined, the decrease in Bread consumption while the total rice consumption remains unchanged is highlighted.

Table 8: Per capita consumption of selected food items per month - 2006/07-2009

Items	Unit	2006/07		2009	
		Qty	Value (Rs.)	Qty	Value (Rs.)
Rice (Samba)	gram	1781	67	1680	118
Rice (Nadu)	gram	2903	91	3230	200
Rice (Kekulu)	gram	4307	133	4080	239
Wheat Flour	gram	584	24	581	43
Bread (Normal)	gram	1533	74	1184	100
Dhal	gram	566	49	470	99
Big onions	gram	570	31	598	43
Sugar	gram	1275	77	1216	106
Coconut	num	7	116	8	157

However there are no considerable changes noticed in consumption patterns of Sugar, Coconuts and Big onions during the period from 2006/07 to 2009.

Non- food expenditure

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

The group "Other non consumer expenditure" that reports 26% share of total non food expenditure in Table 9, contains the occasional but bulk expenditure, incurred during the one year (last year) reference period, on social and cultural activities such as weddings, funerals, religious ceremonies etc., payments of debts, constructions and renewals of houses, savings, donations etc. and expenditure on household services like laundry charges, wages to servants, charges for day care centers etc. as well.

Figure 7: Change in shares of total expenditure for selected components, 2002-2009

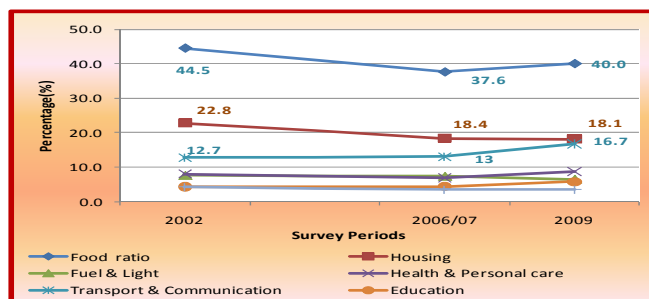


Table 9: Average monthly household expenditure by major non-food expenditure group - 2009

Items	2006/07		2009	
	Value (Rs.)	(%)	Value (Rs.)	(%)
Total non-food	14311	100	19528	100
Housing	2639	18.4	3540	18.1
Fuel & Light	1042	7.3	1250	6.4
Clothing, Textiles & Foot wear	694	4.8	1067	5.5
Health & Personal care	980	6.8	1694	8.7
Transport & Communication	2401	16.8	3260	16.7
Education	632	4.4	1117	5.7
Cultural & entertainment	260	1.8	655	3.4
Non durable household goods	301	2.1	265	1.4
Durable household goods	786	5.5	933	4.8
Other non consumer expenditure	4084	28.5	5075	26.0
Liquor, Narcotic drugs & Tobacco	492	3.4	672	3.4

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To be the leader in the region in producing timely statistical information to achieve the country's development goals.

Mission

Making contribution in the socio economic development of the country by providing accurate timely statistics, more effectively by means of new technology, and utilizing the services of dedicated staff under a strategic leadership to become a prosperous nation in the globalised environment