DEPARTMENT OF CENSUS & STATISTICS

MINISTRY OF FINANCE & PLANNING

Household Income and Expenditure Survey – 2009/10

Final 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 combinely conducted with labour force survey named as Labour force and Socio-Economic Survey. In 1990, the DCS initiated the HIES as a separate survey and continued to conduct 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 the HIES 2009/10.

The HIES is conducted over a period of 12 consecutive monthly rounds to capture seasonal variations of the 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 information 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

Main objectives of the survey

- To measure and monitor living standards of the household population over time and regions.
- To observe consumption patterns of goods and services.
- To compute other human development and socio economic indicators such as poverty and price indices.

Coverage of the Survey

Information presented in this news bulletin is based on the data collected from 25,000 housing units through out the country excluding Mannar, Kilinochchi and Mulaithive districts during the period from July 2009 to June 2010.

Special points of interest: HIES - 2009/10

- Average monthly household income
  - ☛ Rs. 36,451
- Average monthly per capita income
  - ☛ Rs. 9,104
- Average monthly Income receiver's income
  - ☛ Rs. 20,427
- Average monthly household expenditure
  - ☛ Rs. 31,331
- Household size
  - ☛ 4.0 persons
- Number of income receiver's per household
  - ☛ 1.8 persons

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Household Income

Household income refers to income received either in cash (Monetary income) or in kind (Non-monetary income) by all the members usually live in a household. This includes not only wages and salaries received as employees but also all the other income receipts received by households in all the possible sources such as agricultural and non-agricultural activities, other regular monitory receipts such as pensions, disability and relief payments, rents and remittances, business and investment returns and any other irregular gains such as compensations, lotteries, loans etc.

The survey reveals that an average household received Rs. 36,451 per month at national level in 2009/10. In 2006/07, the average monthly household income was Rs. 26,286 and from then within the 3 year period to 2009/10, the percentage increase of the household income at current prices is nearly 38.7 percent. However for the same period the real income (adjusted for the inflation of prices) shows 1.9 percent decline as the inflation indicated by the Colombo Consumer Price Index (CCPI) from the mid of the 2006/07 survey period to 2009/10 survey periods is 41.4%.

The median monthly household income, which is a better indicator than the average when the relative growth is in question, is Rs. 23,746 in 2009/10 showing an increase of about 42 percent from 2006/07 and the real median household income has also shows a marginal increase of about 1 percent since 2006/07 to 2009/10. The Figure 1 below illustrates the start of the drop of the real mean against the continued growing median which is also a welcome indication of reducing the inequality of income at national level.

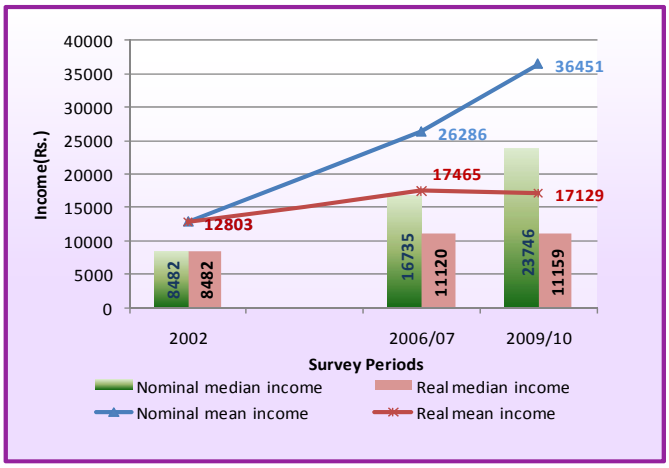

Figure 1: Mean and median monthly household income by 2002 constant prices and survey period

Table 1: Mean and median monthly household income by Sector, Province and District - 2009/10

Sector/Province/ District	Mean (Rs.)		Median (Rs.)	
	2009/10	2006/07	2009/10	2006/07
Sri Lanka	**36451**	**26286**	**23746**	**16735**
Urban	47783	41928	31000	23642
Rural	35228	24039	23126	16379
Estate	24162	19292	17366	10480
Western	**47118**	**34282**	**30600**	**21686**
Colombo	51070	42825	34186	24711
Gampaha	48870	29038	29821	20564
Kalutara	35780	27721	27511	18500
Central	**31895**	**23875**	**21410**	**14187**
Kandy	33063	24444	22450	16203
Matale	30013	19678	18606	14119
Nuwara Eliya	31029	25621	21431	11914
Southern	**32514**	**24059**	**23253**	**16837**
Galle	31376	24907	21886	17517
Matara	30980	22914	23048	16229
Hambantota	36879	24076	26406	16784
Northern	**23712**	-	**16710**	-
Jaffna	18917	-	14815	-
Vavuniya	39640	-	29370	-
Eastern	**23922**	**20811**	**18030**	**14828**
Batticaloa	22844	21032	16129	15593
Ampara	24721	20676	19082	14556
Trincomalee	24291	-	19154	-
North-Western	**35586**	**22565**	**20961**	**14824**
Kurunegala	36922	22870	20778	14500
Puttlam	32918	21939	21593	15612
North-Central	**35577**	**24759**	**24993**	**16064**
Anuradhapura	37586	21995	25682	16133
Polonnaruwa	31526	30530	22634	15913
Uva	**28717**	**21371**	**19761**	**14152**
Badulla	32313	22035	20982	14804
Moneragala	22161	20118	17226	12320
Sabaragamuwa	**36173**	**20712**	**21676**	**13943**
Ratnapura	41312	22741	22154	14356
Kegalle	29342	18062	21122	13114

The HIES 2009/10 has found that the Urban sector growth in average monthly households income since 2006/07 to 2009/10 is only 14% (from Rs. 41,928 to Rs.47,783). The corresponding increase in the median household income, which is 31% from Rs. 23, 642 to Rs. 31,000 indicate a relief for urban sector low income households.

In 2009/10, the average monthly household income in the Estate sector, which shows the best progress, has increased by 25% (from Rs.19, 292 to Rs.24,162) with respect to the HIES 2006/07. The median income too has increased in the Estate sector by 66% from Rs. 10,480 in 2006/07 to Rs.17,366 in 2009/10. The rural sector has also got increased the average monthly household income and median household income by 46.5% and 41% respectively.

According to district level survey results, the highest average monthly household income is reported form the Colombo district and the lowest is from the Jaffna district. It also shows that the highest percentage increase in the average monthly income and median income from 2006/07 to 2009/10 are reported from high estate sector representing Ratnapura district and Nuwara Eliya district respectively.

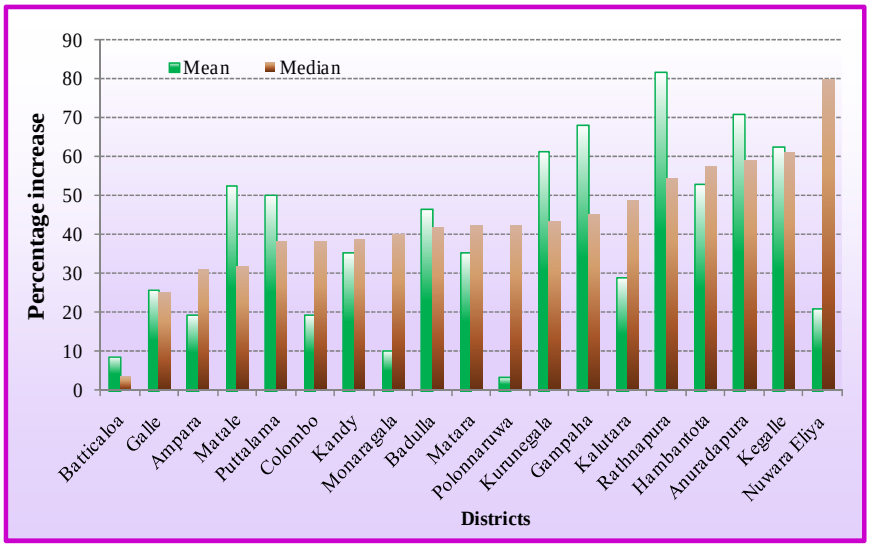

Figure 02:Percentage increase in mean and median monthly household income since 2006/07 to 2009/10

Note: The HIES 2006/07 excludes the Northern Province and the Trincomalee

As the median value is more descriptive than the mean value when comparing income as the mean value is highly affected by extreme values presence, which can not be avoided among much varied income distributions, the districts reported higher percentage increase of median than the mean, indicate a clear growth in overall living standards due to increase of income of the lower income receiving half of the households in such districts.

Source of income

Income is received in two main types, as in monetary and non monetary. Income from wages and salaries, agricultural activities (seasonal and non seasonal crops), non agricultural activities, and other cash income (which includes non working income such as pension, disability and Samurdhi payments, local and foreign transfers etc.), irregular income or adhoc gains (windfall income) such as lottery wins, compensations etc. are identified within the context of monetary income.

The non monetary income is the estimated values of goods and services received in kind and consumed within the survey reference period by the households. This value is formed by home grown fruits and vegetables, firewood, home consumed quantities of the produces of agricultural activities, and other goods or price concessions

Table 2: Average monthly household income by major source of income 2009/10 and 2006/07

Source of income	2009/10	2006/07
	Mean income	Mean income
Total income	**36451**	**26287**
Monetary Income	**31209**	**22586**
Wages and Salaries	12434	9418
Agricultural activities	5238	3141
Non agricultural activities	6477	4507
Other cash income	4252	3128
Income by chance/adhoc gain	2808	2392
Non monetary Income	**5242**	**3701**
Income in kind	2054	1231
Estimated rental value of owner occupied housing unit	3188	2470

received from employers or other parties. Estimated rental value of owner occupied housing units or housing units occupied free of any rental fee is also included in the part of non monetary income.

Out of the total household income, around 86 percent of the income is received as monetary income in 2009//10 and 2006/07. As usual, the major part of the monetary income in Sri Lanka is sourced from wages and salaries. At national level, the percentage contribution to household income by source of income is some what steady from 2006/07 to 2009/10 and yet the income earned from agricultural activities shows a 2.5% rise.

However at sector level, the share of earnings from wages and salaries in estate sector has increased significantly by over 10% from 40% in 2006/07 to 51% in 2009/10

Table 3: Percentage distribution of average monthly household income by major source of income and sector - 2006/07 and 2009/10.

Source of income	2009/10	2006/07	2009/10	2006/07	2009/10	2006/07	2009/10	2006/07
	Sri Lanka		Urban		Rural		Estate	
Total income	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Monetary Income	**85.6**	**85.9**	**80.7**	**84.3**	**86.7**	**86.1**	**86.3**	**91.6**
Wages/Salaries	34.1	35.8	36.8	35.9	32.8	35.6	51.0	39.9
Agricultural activities	14.4	11.9	2.0	3.3	17.6	13.4	6.3	34.1
Non agricultural activities	17.8	17.1	20.1	20.3	17.6	16.9	8.2	4.2
Other cash income	11.7	11.9	13.1	14.4	11.3	11.3	11.4	8.5
Income by chance/adhoc gain	7.7	9.1	8.7	10.4	7.4	8.9	9.4	4.8
Non monetary Income	**14.4**	**14.1**	**19.3**	**15.7**	**13.3**	**13.9**	**13.7**	**8.4**
Income in kind	5.6	4.7	5.6	3.0	5.5	5.2	9.4	4.2
Estimated value of own occupied housing unit	8.7	9.4	13.7	12.7	7.8	8.7	4.2	4.2

Income receivers 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. 200, then he was not defined as an income receiver in 2009/10 survey and such income values reported were added to the income of the head of the respective households.

The survey reports that the average monthly income receiver's income for Sri Lanka in 2009/10 is Rs. 20,427 which is 41.3% 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. The highest mean and median income receivers income is reported from Colombo district and the lowest mean is from the Jaffna district. The lowest median income is reported by the Nuwara Eliya District.

Per capita income

Per capita income indicates the average living standard of a country or an area. In 2009/10 the per capita income in Sri Lanka is Rs. 9,104 per month and from Rs. 6,463 reported in 2006/07, it has increased by 41%. The highest mean per capita income is reported from Gampaha district and the lowest is reported from Jaffna district. Yet the highest median per capita income is reported from Colombo district.

Table 4: Income receiver's income, number of income receivers and household size by district.

Sector/District	Mean income (Rs.)	Median income (Rs)	HH size	No. of income receivers
Sri Lanka	**20427**	**12500**	**4.0**	**1.8**
Colombo	26043	16102	4.2	1.9
Gampaha	25403	14703	4.0	1.9
Kalutara	17917	12000	4.1	1.9
Kandy	19074	12000	4.0	1.7
Matale	17241	10509	3.8	1.7
Nuwara eliya	16221	9650	4.1	1.9
Galle	17357	12000	4.0	1.8
Matara	17265	12000	4.1	1.8
Hambantota	20417	13800	4.1	1.8
Jafna	12539	10500	4.3	1.5
Vavunia	21475	15950	4.4	1.8
Batticaloa	14723	11527	4.1	1.6
Ampara	16515	12307	4.3	1.5
Trincomalee	16102	14086	4.4	1.5
Kurunegala	22187	11892	3.7	1.6
Puttalama	20318	12001	3.9	1.6
Anuradapura	23144	15000	3.8	1.6
Polonnaruwa	19133	13864	3.9	1.7
Badulla	18671	10900	3.9	1.7
Monaragala	14048	10783	4.0	1.6
Rathnapura	22283	10900	4.0	1.8
Kegalle	15694	10800	3.9	1.9

Income Inequality

Income inequality measures distribution of income, and economic inequality among the participants in the economy. There are many theories to explain how the income inequality comes about. It is defined over the entire population and most of the inequality measures do not depend on the mean of the distribution. Most widely use inequality measurements are Gini coefficient, Quintile dispersion ratio, Share of income etc.

Gini Coefficient

The range of the Gini coefficient index is between 0 and 1, where 0 indicates perfect equality and 1 indicates maximum inequality. However the Gini is also highly distorted if high extreme values are percent and therefore the Gini alone provides only a basic picture that should be supported by other inequality indices.

The national value of the Gini coefficient of household income is 0.49 in 2009/10 so is in 2006/07. The highest Gini is reported from Ratnapura district (0.57) and the Jaffna district reports the lowest (0.37). The large drop in Gini in Colombo district from 0.53 to 0.45 and increase from 0.44 to 0.51 in the Gampaha district This statistics reveal that the trend of inequality is decreasing in Colombo district and increasing in Gampaha district form 2006/07 to 2009/10.

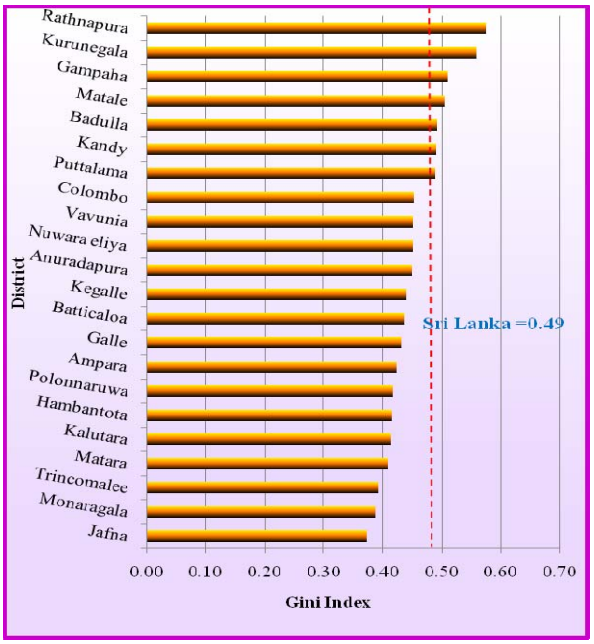

Figure 3: Gini coefficient of household income by district—2009/10

Quintile Dispersion Ratio

The quintile dispersion ratio of an income distribution is the ratio between the income shared by the richest 20% and the poorest 20% and the higher the ratio higher the inequality. Table 5 shows the level of household income by quintiles based on HIES 2009/10 and 2006/07. A fifth (20%) of the households are included in each of the 5 quintiles.

Table 5: Breakdown of household income by quintile 2009/10 and 2006/07

	Lowest	Low-mid	Middle	Mid-upper	Upper	Overall
	Household income quintile					
2009/10						
Household Income per month(Rs.)	8211	16062	23880	35552	98575	36451
% income	4.5	8.8	13.1	19.5	54.1	100.0
Cumulative % of income	4.5	13.3	26.4	45.9	100.0	
Cumulative % of Population	20.0	40.0	60.0	80.0	100.0	
	Quintile Dispersion Ratio = 98575/8211= 12.0					
2006/07						
Household Income per month(Rs.)	6002	11464	17125	26128	74552	26286
% income	4.4	8.5	12.7	19.3	55.1	100.0
Cumulative % of income	4.4	12.9	25.5	44.8	100.0	
Cumulative % of Population	20.0	40.0	60.0	80.0	100.0	
	Quintile Dispersion Ratio = 74552/6002= 12.4					

The analysis showed that 4.5% and 4.4% of all household income are shared by the poorest fifth of household in 2009/10 and 2006/07 respectively and on the higher side, 54.1% and 55.1% are shared by the top fifth (richest fifth). There is no significant change seen in share of income by the 2 quintiles over the three years from 20006/07 to 2009/10 as the drop in quintile dispersion ratio of household income is only 0.4%, which means that still 80% of the total households in the country is left to share only 45% of the total household income of the country. Yet a drop in share of income in the richest 2 quintiles, which indicates a development in terms of easing the inequality which is not captured by the Gini index is shown.

Household Expenditure

Household expenditure was collected under the following three main sections of the survey questionnaire;

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 the data collection, the HIES questionnaire imposes different reference periods on different consumer items 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 and twelve months for Durable goods.

The Table 6 shows that the average monthly household expenditure in Sri Lanka in 2009/10 is Rs.31,331 in which Rs. 13,267 (42.3%) is the expenditure on food consumption and Rs. 18,064 (57.7%) is on non-food items and services. In 2006/07 the average monthly household expenditure was Rs. 22,952 and Rs. 8,641 (37.6%) was the expenditure on food consumption and Rs. 14,311 (62.4%) is on non-food items and services.

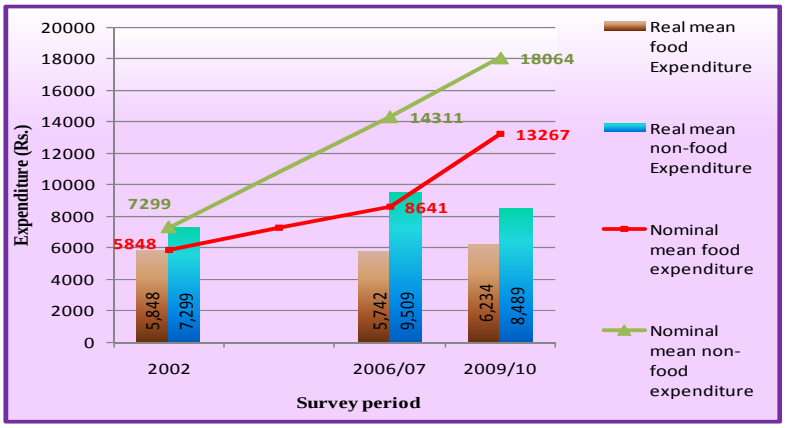

Figure 4: Real (2002 constant prices) and nominal food and non-food mean expenditure by survey periods from 2002 to 2009/10.

From 2002, both the nominal non food expenditure and nominal food expenditure have increased at current prices. However, the real mean non food expenditure has decreased by 10.7% and the real mean food expenditure has increased by 8.6% from 2006/07 to 2009/10. The real total household expenditure shows a decline of 3.5% (Figure 05).

The survey also reveals that the median household expenditure in 2009/10 is Rs.24,509 and the welcome increase is 47.3% from Rs.16,640 reported in 2006/07. The 4.2% real increase achieved by the median household income indicates an increase of the living standards which supports to the reduction of poverty.

Table 6: Average monthly household expenditure by district - 2006/07-2009

District	Mean expenditure (Rs.)	
	2009/10	2006/07
Sri Lanka	**31331**	**22952**
Colombo	47291	37011
Gampaha	41062	29145
Kalutara	35549	24911
Kandy	29767	21762
Matale	26528	19066
Nuwara Eliya	26841	14220
Galle	27370	23079
Matara	29408	21348
Hambantota	30744	20568
Jaffna	22725	-
Vavuniya	35391	-
Batticaloa	23508	21592
Ampara	26699	22311
Trincomalee	25623	-
Kurunegala	25201	18452
Puttlam	27376	21332
Anuradhapura	29065	20290
Polonnaruwa	30315	21202
Badulla	24873	17335
Moneragala	21131	13155
Ratnapura	25477	16423
Kegalle	25723	15773

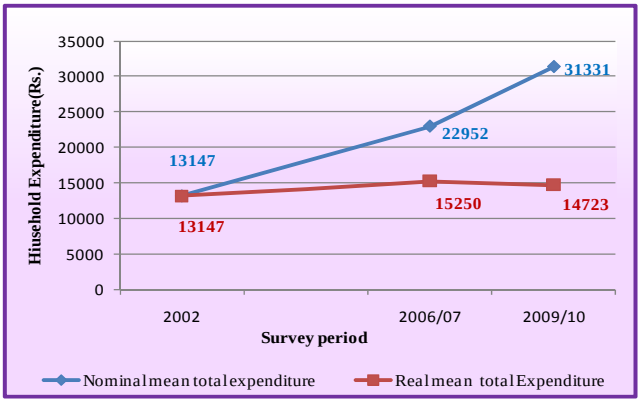

Figure 5 : Real (2002 constant prices) and nominal average monthly total expenditure by survey periods.

Household Food Expenditure

Food ratio which presents the total food expenditure as a percentage of total food and non-food expenditure is a crude measure of living standard of a country or a sub domain.

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

The food ratio at national level had largely come down from 44.5% reported in 2002 to 37.6% in 2006/07. However it has bounced back by 4.7% since then to 42.3% in 2009/10.

Among the main food items, the total monthly per-capita rice consumption is 9062 grams in 2009/10 and it was 8995 grams in 2006/07. The Wheat flour consumption also shows an increase by 103 grams per person per month and Bread consumption has largely decreased by 267grams against the increase of total rice and Wheat flour consumption. Although a higher number of people consume Kekulu rice than Nadu and Samba rice, the per capita Kekulu rice consumption which was 4.3kg per month in 2006/07 has dropped to 4.1kg in 2009/10. However, while the trends of Kekulu and Samba rice and Dhal consumption are downward, the Nadu rice consumption has increased from 2.9kg to 3.2kg from 2006/07 to 2009/10 per person per month.

The consumption patterns of Coconuts and Big onions remain unchanged but the Sugar consumption has decreased by 63 grams per person per month from 2006/07 to 2009/10.

Table 7: Average monthly per capita consumption of selected food items – 2009/10 and 2006/07

Items		2009/10		2006/07	
			Value		Value
	Unit	Qty	(Rs.)	Qty	(Rs.)
Rice (Samba)	gram	1643	119	1781	67
Rice (Nadu)	gram	3278	210	2903	91
Rice (Kekulu)	gram	4127	244	4307	133
Wheat Flour	gram	687	47	584	24
Bread (Normal)	gram	1266	106	1533	74
Dhal	gram	501	99	566	49
Big onions	gram	582	46	570	31
Sugar	gram	1212	113	1275	77
Coconut	num	7	184	7	116

Although the average monthly per-capita coconut consumption remains unchanged around 7 nuts for the year long survey periods, the Figure 6 displays the seasonal fluctuation of household consumption and market prices of coconut and coconut oil for the 12 consecutive survey months starting from July 2009 to June 2010. The coconut consumption has come down from 30 nuts to 27.9 nuts in November due to sharp price hike showed from about Rs. 22 per nut to Rs. 25 per nut.

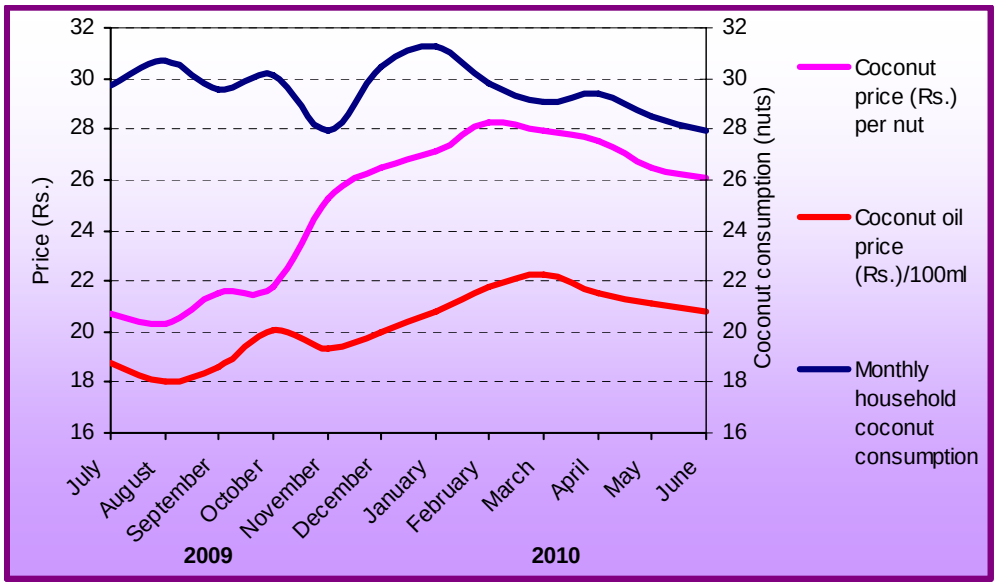

Figure 6: Average monthly household consumption of coconut and market price of coconut and coconut oil by survey month — 2009/10

However, despite the continued rise of the coconut prices up to Rs. 27 per nut during the December and January festive season, the households consume maximum number of about 31 nuts per month and after that the consumption drops to 29 nuts in April and in June to about 28 nuts. The upward trend of coconut prices remains till the April festive season and then starts to ease but never to the previous low of Rs.22 but to about Rs. 26 per nut in June. The coconut oil prices also starts to climb starting from about Rs. 194 per liter in December and continues till the April Sinhala new year season in which Rs. 223 per litter and Rs. 28 per nut was reported.

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 are also included in the group of housing expenditure.

The group "Other non consumer expenditure" that reports 26.6% share of total non food expenditure in Table 9, includes 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.

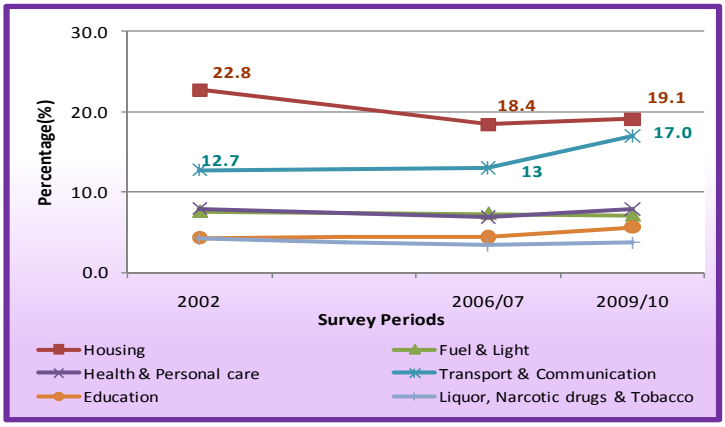

Figure 7: Change in shares of total expenditure for selected non food expenditure groups by survey periods

Table 8: Average monthly household expenditure by major non-food expenditure group - 2009/10 — 2006/07

Items	2009/10		2006/07	
	Value (Rs.)	(%)	Value (Rs.)	(%)
Total non-food	**18064**	**100.0**	**14311**	**100.0**
Housing	3446	19.1	2639	18.4
Fuel & Light	1278	7.1	1042	7.3
Clothing, Textiles & Foot wear	903	5.0	694	4.8
Health & Personal care	1429	7.9	980	6.8
Transport & Communication	3072	17.0	2401	16.8
Education	1018	5.6	632	4.4
Cultural & entertainment	402	2.2	260	1.8
Non durable household goods	264	1.5	301	2.1
Durable household goods	780	4.3	786	5.5
Other non consumer expenditure	4807	26.6	4084	28.5
Liquor, Narcotic drugs & Tobacco	665	3.7	492	3.4

According to Table 8, despite the reduction of real non-food expenditure, no significant shift is observed in household expenditure shared by major non-food expenditure groups at national level for the 3 year period starting from 2006/07, which concludes that the households have got shifted their food habits significantly among the food items by 2009/10, which has resulted an increased food consumption and expenditure.

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The Vision and the Mission of the Department of Census and Statistics

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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 globalized environment.