

HOUSEHOLD INCOME AND EXPENDITURE SURVEY - 2012/13 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 conducted combining with labour force survey named as Labour Force and Socio-Economic Survey. In 1990, the DCS for the first time initiated the HIES as a separate survey and continued once in every five years until 2006/07. As rapidly changing economic conditions demanded far more frequent monitoring of the household income and spending patterns in the country, the DCS decided to conduct the HIES once in every three years starting from 2009/10. The latest survey was in 2012/13 and it can be considered as very important milestone as it covered all 25 districts in the country since its inception.



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 2012/13 is the eighth in the HIES series and the field work of the survey was carried out during the period from July 2012 to June 2013.

The HIES questionnaire was revised in 2006/07 and currently 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 and debts of the households
- vii. Access to facilities in the area
- viii. Housing Information
- ix. Agriculture holdings and Livestock

Special points of interest:

2012/13-HIES

- Average monthly household income by socio economic groups with 95% Confidence Intervals (CI)

Poorest 20% - Rs. 10,245
(1st and 2nd decile)
(95% CI :Rs. 10,173 , Rs.10,318)

Poorest 40% - Rs. 15,760
(1st to 4th decile)
(95% CI: Rs.15,683 , Rs.15,835)

Middle 60% - Rs. 32,595
(3rd to 8th decile)
(95% CI: Rs. 32,499 ,Rs. 32,689)

Richest 20% - Rs. 121,368
(95% CI: Rs.118,942 ,Rs.123,794)
(9th and 10th decile)

(Average household income values are arranged in ascending order and thereafter divided into ten groups with equal frequencies. Such a group is defined as a household income decile)

- Average household size 3.9
- Average Number of income receivers in a household 1.8

Main objectives of the survey

- i. To measure levels and observe the changes of living conditions of individuals and households.
- ii. To estimate household income and expenditure .
- iii. To compute several important poverty indicators.
- iv. To provide information to calculate price indices.
- v. To analyze the impact of social protection transfers.
- vi. To provide information on different living standard measurements.

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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 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 ventures, investments and any other irregular gains such as compensations, lottery wins etc.

Mean (or Average) household income is a point estimate and it is calculated by dividing the estimated total household income in a domain by the estimated number of households in the domain.

Median household income is the amount that divides the household income distribution into two equal groups, half having income above that amount, and other half having income below that amount.

The survey reveals that the average household income per month was Rs. 45,878 in 2012/13 in Sri Lanka. In 2009/10 the average household income was reported as Rs. 36,451. Within the nearly 3 year period, the percentage increase of the household income at current price is nearly 25.9 percent.

The median household income in Sri Lanka has been reported as Rs. 30,814 in 2012/13 showing an increase of about 30 percent from 2009/10.

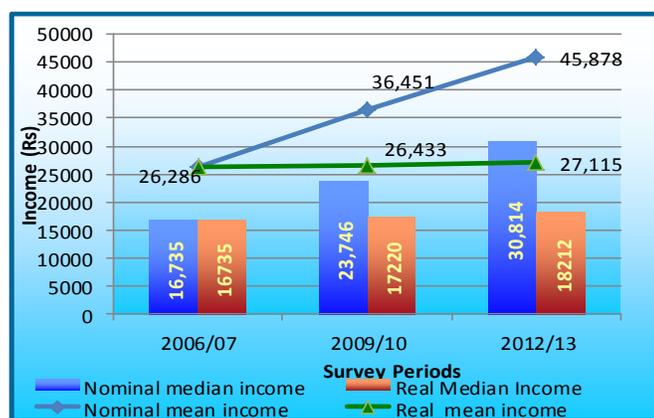


Figure 1: Average monthly real and nominal mean and median household income by survey periods (real values are based on 2006/07 constant prices)

Table 1: Mean and median nominal household income per month by sector, province and district - 2012/13 and 2009/10

Sector/Province/District	Mean		Median	
	(Rs.) 2012/13	(Rs.) 2009/10*	(Rs.) 2012/13	(Rs.) 2009/10*
Sri Lanka	45,878	36,451	30,814	23,746
Urban	69,880	47,783	42,267	31,000
Rural	41,478	35,228	29,376	23,126
Estate	30,220	24,162	24,087	17,366
Western	64,152	47,118	42,100	30,600
Colombo	77,723	51,070	50,071	34,186
Gampaha	58,248	48,870	38,807	29,821
Kalutara	50,341	35,780	36,512	27,511
Central	40,146	31,895	28,900	21,410
Kandy	43,138	33,063	30,371	22,450
Matale	35,004	30,013	26,441	18,606
Nuwara Eliya	38,013	31,029	28,152	21,431
Southern	41,834	32,514	28,921	23,253
Galle	39,746	31,376	28,205	21,886
Matara	41,666	30,980	28,227	23,048
Hambantota	45,850	36,879	32,267	26,406
Northern	34,286	23,712	23,571	16,710
Jaffna	34,788	18,917	23,446	14,815
Mannar	28,535	-	24,200	-
Vavuniya	43,965	39,640	30,967	29,370
Mullaitivu	23,687	-	17,714	-
Kilinochchi	30,643	-	20,614	-
Eastern	30,676	23,922	22,710	18,030
Batticaloa	25,483	22,844	20,359	16,129
Ampara	32,537	24,721	23,429	19,082
Trincomalee	34,577	24,291	24,436	19,154
North-Western	42,756	35,586	29,343	20,961
Kurunegala	43,624	36,922	29,343	20,778
Puttalam	40,935	32,918	29,286	21,593
North-Central	36,632	35,577	29,707	24,993
Anuradhapura	35,460	37,586	29,689	25,682
Polonnaruwa	39,197	31,526	30,145	22,634
Uva	35,638	28,717	24,228	19,761
Badulla	36,119	32,313	25,067	20,982
Moneragala	34,804	22,161	20,686	17,226
Sabaragamuwa	40,375	36,173	27,775	21,676
Ratnapura	42,429	41,312	27,391	22,154
Kegalle	37,655	29,342	28,524	21,122

*excluding Mannar, Kilinochchi and Mullaitivu districts

Source of income

Income is received in two main ways, as in monetary or non monetary. Income from wages and salaries, agricultural activities (seasonal and non seasonal crops), non agricultural activities, and other cash income (which includes pension payments, disability payments, Samurdi, local and foreign transfers), Income by chance/adhoc gain (windfall income) such as lottery wins, compensations etc.) are identified as monetary income.

The non monetary income is the estimated value of goods and services received in kind and consumed within the survey reference period. Estimated rental value of owner occupied housing units or freely occupied housing units are included under non monetary income.

Out of the total household income around 86 percent of the income is received as monetary income in 2012/13 and 2009/10. As usual major part of the monetary income is recorded from wages .

Household Per capita income

Per capita income is a measure of average living standard of a country or an area. Household per capita income is computed dividing the total household income by number of household members.

In 2012/13 the household per capita income in Sri Lanka was Rs. 11,819 per month. In 2009/10 it was Rs. 7,881 and has increased by 50% by 2012/13.

Table 2: Average monthly household income by main source of income -2012/13 and 2009/10

Source of income	2012/13		2009/10	
	Mean (Rs.)	Share of income (%)	Mean (Rs.)	Share of income (%)
Sri Lanka	45,878	100.0	36,451	100.0
Monetary Income	39,300	85.7	31,209	85.6
Wages/Salaries	16,134	35.2	12,434	34.1
Agricultural activities	5,213	11.4	5,238	14.4
Nonagricultural activities	7,990	17.4	6,477	17.8
Other cash income	5,230	11.4	4,252	11.7
Income by chance/adhoc gains	4,733	10.3	2,808	7.7
Non-monetary Income	6,578	14.3	5,242	14.4
Income in kind	2,381	5.2	2,054	5.6
Value of occupied housing unit	4,197	9.1	3,188	8.7

Table 3: Average household per capita income per month by sector and by province – 2012/13

Sector/Province	Mean per capita income (Rs.)	Median per capita income (Rs.)
Sri Lanka	11,819	7,881
Sector		
Urban	17,262	10,420
Rural	10,843	7,657
Estate	7,100	5,503
Province		
Western	16,124	10,567
Central	10,104	7,150
Southern	10,973	7,624
Northern	8,339	5,540
Eastern	7,622	5,385
North-western	11,596	7,927
North-Central	9,877	7,824
Uva	9,382	6,110
Sabaragamuwa	10,718	7,229

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 individual level. If a person is less than 10 years old or a person's total monthly income is less than Rs. 250, then that person is not defined as an income receiver in the HIES and such income values are added to income of head of the respective household.

In 2012/13, the average income receiver's income per month for Sri Lanka was Rs. 25,963 and median income receiver's income per month was Rs. 16,667. The average number of income receivers per household was 1.8 in 2012/13. An average household size was 3.9 at national level.

The highest mean and median income receiver's income was reported from Colombo district and the lowest mean reported from Mannar and the lowest median reported from Jaffna.

Income Inequality

Income inequality is used to measure of disparities in the distribution of income in a given society. There are many theories to explain how income inequality is determined. It is defined over the entire population and most of inequality measures do not depend on the mean of the distribution. Most widely used inequality measurements are Gini coefficient, quintile dispersion ratio and share of income.

Gini Coefficient

The range of the Gini coefficient index is between 0 and 1, where 0 indicates perfect equality and 1 indicates maximum inequality. The national value of Gini coefficient for household income was 0.48 in 2012/13 and it was 0.49 in 2009/10. The highest Gini coefficient reported from Moneragala district (0.53) and the lowest reported from Mannar and Anuradhapura (0.37). Figure 2 shows the distribution pattern of Gini coefficient by districts.

Table 4: Average monthly income receivers' mean and median income, number of income receivers and household size by district - 2012/13

District	income receivers mean income (Rs.)	income receivers median income (Rs.)	Household size	No. of income receivers in the household
Sri Lanka	25,963	16,667	3.9	1.8
Colombo	40,620	24,866	4.0	1.9
Gampaha	31,060	20,000	3.9	1.9
Kalutara	25,471	16,703	4.0	2.0
Kandy	24,392	17,000	4.0	1.8
Matale	20,500	15,000	3.7	1.7
Nuwara Eliya	19,631	13,130	4.2	1.9
Galle	22,590	15,577	3.8	1.8
Matara	23,680	16,000	3.8	1.8
Hambantota	25,294	16,667	3.9	1.8
Jaffna	18,123	11,896	4.2	1.9
Mannar	15,418	13,000	4.2	1.9
Vavuniya	24,405	17,000	3.9	1.8
Mullaitivu	16,951	13,293	3.8	1.4
Kilinochchi	18,871	12,000	4.2	1.6
Batticaloa	15,782	13,000	4.1	1.6
Ampara	21,021	15,000	4.1	1.6
Trincomalee	23,805	17,788	3.9	1.5
Kurunegala	25,728	16,064	3.7	1.7
Puttalam	26,140	17,750	3.7	1.6
Anuradhapura	21,671	16,000	3.7	1.6
Polonnaruwa	22,206	15,737	3.8	1.8
Badulla	21,706	14,000	3.9	1.7
Moneragala	22,285	13,000	3.7	1.6
Rathnapura	24,098	14,672	3.7	1.8
Kegalle	21,830	15,221	3.8	1.7

Quintile Dispersion Ratio

The simplest way to measure inequality of income or expenditure is by dividing the population into five groups (quintiles) from the poorest to the richest, and computing the levels or proportions of income (or expenditure) share by each

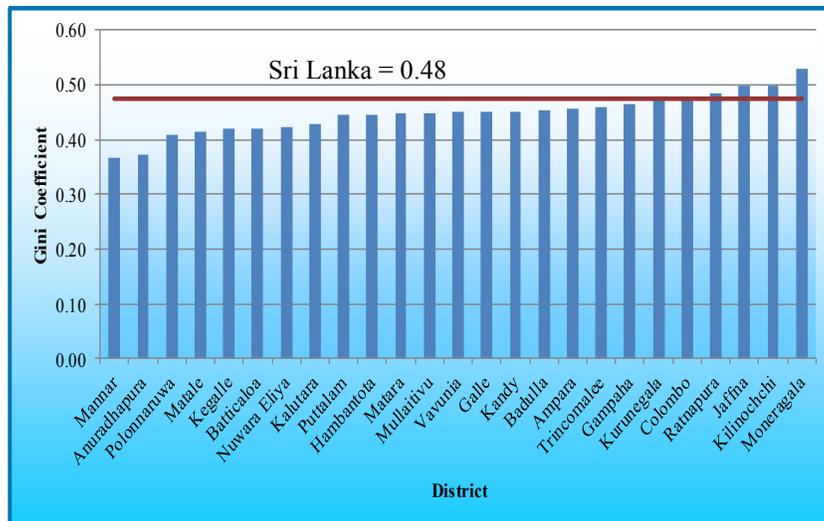
Quintile :The household income values are arranged in ascending order and thereafter divide into five groups with equal frequencies. Such a group is defined as a income quintile.

level.

Table 5 shows the quintile dispersion of household income based on HIES 2012/13 and 2009/10. A fifth of households included in the survey are allocated to each quintile.

The survey results indicate the slight decrease of inequality of household income from 2009/10 (0.49) to 2012/13(0.48).The share of the poorest second to fourth quintile has slightly increased in 2012/13 compared to 2009/10. The share of fifth (Richest fifth) quintile has decreased

Figure 2: Gini coefficient of household income by district—2012/13



from, 54.1% to 52.9% and quintile dispersion ratio has decreased from 12.0 in 2009/10 to 11.8 in 2012/13. These figures are consistent with Gini index .

The quintile dispersion ratio (The mean household income of the richest 20% (5th quintile) divided by the mean household income of the poorest 20% (1st quintile)). of household income has been change by only 0.2% from 2009/10 to 2012/13. In general, around 47% of total household income has allocated among 80% of total household population in the country.

Table 5: Breakdown of household income by quintile - 2012/13 and 2009/10

	Household Income quintile					
	1 st quintile	2 nd quintile	3 rd quintile	4 th quintile	5 th quintile	Total
2012/13						
Mean household Income per month (Rs.)	10,245	21,273	30,944	45,569	121,368	45,878
Share of income (%)	4.5	9.3	13.5	19.9	52.9	100.0
Cumulative share of income (%)	4.5	13.7	27.2	47.1	100.0	
Cumulative % of Population	20	40	60	80	100	
	Quintile Dispersion Ratio = 121,368/10,245 = 11.8					
	Lowest	Low-mid	Middle	Mid-upper	Upper	Overall
2009/10						
Mean household Income per month (Rs.)	8,211	16,062	23,880	35,552	98,575	36,451
Share of income (%)	4.5	8.8	13.1	19.5	54.1	100.0
Cumulative share of income (%)	4.5	13.3	26.4	45.9	100.0	
Cumulative % of Population	20	40	60	80	100	
	Quintile Dispersion Ratio = 98,575/8,211= 12.0					

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 for different consumer items. i.e. seven consecutive days for all the food items, one month for housing, fuel and light, six months for clothing, twelve months for durable goods etc.

Mean (or Average) household expenditure is a point estimate and it is calculated by dividing the estimated total household expenditure in a domain by the estimated number of households in the domain.

Usually, people do not declare income accurately. Hence, household expenditure can be used as a proxy variable to household income.

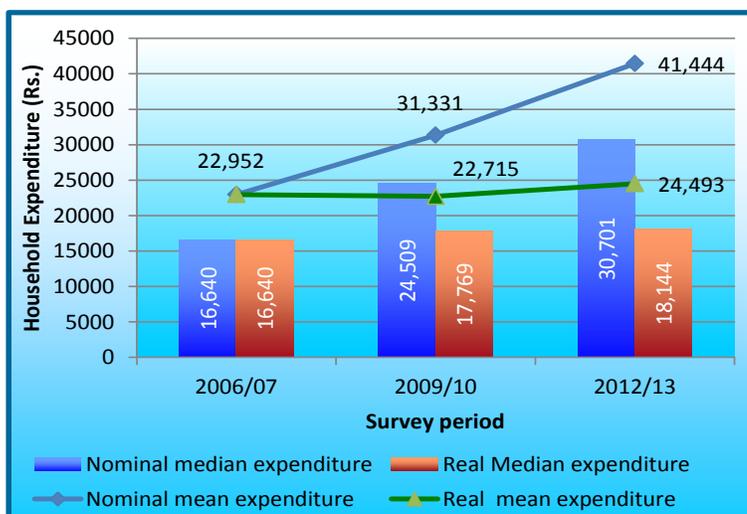


Figure 3: Real (2006/07 constant price) and nominal food and non-food mean Expenditure by survey period

From 2006/07 to 2012/13, the nominal household mean expenditure has steadily increased. However, real mean household expenditure slightly decreased from 2006/07 to 2009/10 but show a slight increase from 2009/10 to 2012/13. The survey revealed that the median household expenditure for 2012/13 was Rs.30,701 in nominal value but it was Rs. 18,144 in real term.

Table 6: Mean and median household nominal expenditure per month by sector, province and district - 2012/13 and 2009/10

Sector/Province / District	Mean		Median	
	(Rs.)	(Rs.)	(Rs.)	(Rs.)
	2012/13	2009/10*	2012/13	2009/10*
Sri Lanka	41,444	31,331	30,701	24,509
Urban	58,930	44,928	43,825	34,039
Rural	38,274	29,423	29,010	23,600
Estate	29,379	23,988	25,580	20,490
Western	58,298	42,399	44,318	32,500
Colombo	63,030	47,291	49,229	36,597
Gampaha	57,064	41,062	43,057	31,825
Kalutara	51,906	35,549	39,036	28,361
Central	38,989	28,308	29,513	22,741
Kandy	41,442	29,767	31,120	23,770
Matale	39,222	26,528	27,342	20,400
Nuwara Eliya	33,882	26,841	28,327	22,245
Southern	36,430	28,809	28,243	23,137
Galle	34,879	27,370	27,749	22,675
Matara	37,639	29,408	27,962	23,038
Hambantota	37,573	30,744	30,007	24,122
Northern	34,562	25,656	26,414	22,171
Jaffna	35,405	22,725	28,209	21,059
Mannar	27,406	-	22,563	-
Vavuniya	44,486	35,391	33,503	28,757
Mullaitivu	20,581	-	17,352	-
Kilinochchi	32,992	-	24,052	-
Eastern	30,886	25,265	25,936	22,040
Batticaloa	29,579	23,508	23,959	20,536
Ampara	31,849	26,699	26,757	22,686
Trincomalee	31,041	25,623	26,777	23,169
North -Western	37,665	25,927	28,906	21,212
Kurunegala	36,441	25,201	28,010	20,524
Puttalam	40,232	27,376	30,665	22,996
North -Central	33,935	29,480	27,217	24,062
Anuradhapura	31,959	29,065	25,578	23,429
Polonnaruwa	38,257	30,315	30,768	24,817
Uva	28,867	23,547	22,953	19,548
Badulla	32,381	24,873	25,568	20,222
Moneragala	22,766	21,131	18,159	18,580
Sabaragamuwa	32,376	25,583	25,469	21,052
Ratnapura	29,426	25,477	23,968	20,630
Kegalle	36,284	25,723	27,697	21,593

*excluding Mannar, Kilinochchi and Mullaitivu districts

Household Food Expenditure

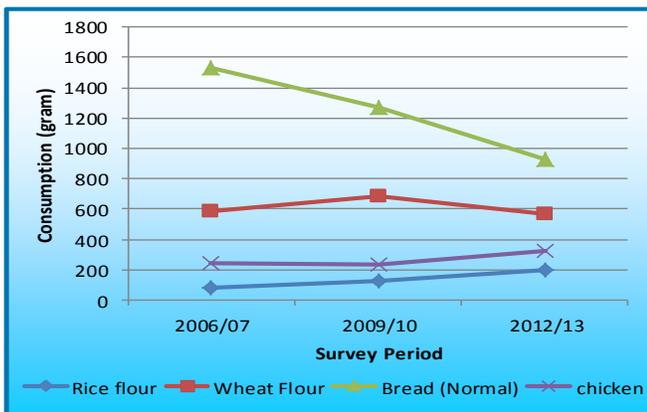
The food ratio is computed by dividing total household food expenditure (excluding expenditure on liquor ,narcotic drug and tobacco) by total household expenditure as given below;

$$\text{Food ratio} = \frac{\text{Total household food expenditure}}{\text{Total household expenditure}}$$

The average monthly total household food expenditure was Rs. 15,651 in 2012/13. The Figure 04 shows the distribution pattern of food and non food ratio by survey periods. Food ratio for 2009/10 was 42.3 % and it has declined to 37.8% in 2012/13

The Table 7 shows the average monthly per capita consumption quantities of selected food items by survey period. It reveals that the rice, wheat flour bread (Normal), sugar and dried fish consumption quantities per person per month had declined from 2009/10 to 2012/13. However, Rice flour, Dhal, big onion ,chicken and egg consumption has increased comparatively. There is no change in coconut consumption for three consecutive survey periods.

Figure 5: Consumption pattern of selected food items by survey period



When considering the consumption pattern of bread (Normal) a downward trend can be seen from 2006/07 onwards and the wheat flour consumption too has declined from 2009/10 onwards. However, the rice flour consumption is showing an upward trend from 2006/07 onwards. The dried fish consumption has slightly gone down while the egg and chicken consumption have increased . Big onion consumption has also increased in last few years. (Big onions consumption in 2006/07 was 570 grams per person per month and 608 grams in 2012/13)

Figure 4: Distribution of food ratio and non food ratio by survey periods

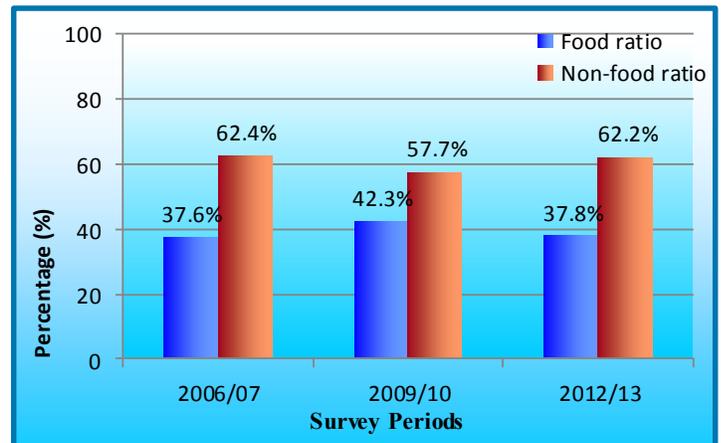


Table 7: Average monthly per capita consumption quantities of selected food items by survey period

Item	Unit	2012/13	2009/10	2006/07
		(Qty)	(Qty)	(Qty)
Rice	gram	8,989	9,062	8,995
Rice flour	gram	194	127	83
Wheat Flour	gram	564	687	584
Bread (Normal)	gram	926	1,266	1,533
Dhal	gram	586	501	566
Big onions	gram	608	582	570
Sugar	gram	1,111	1,212	1,275
Coconut	Number	7	7	7
chicken	gram	320	233	243
Egg	Number	3	2	3
Dried fish	gram	299	313	325

Household Non - Food Expenditure

Table 8: Average monthly household expenditure by major non-food expenditure group - 2012/13 and 2009/10

Household Income and Expenditure survey reveals the expenditure on housing is the highest single expenditure group among all the non-food expenditure groups in Sri Lanka excluding other non-consumer expenditure group. 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 has been reported 29.8 % share of total non food expenditure in 2012/13 in Table 8, contains the occasional but bulk expenditure, incurred during the one year (the last year) reference period, on social and cultural activities such as weddings, funerals, religious ceremonies ,payments of debts, constructions and renewals of houses, donations, expenditure on household services like laundry charges, wages to servants, charges for day care centers etc.

Item	2012/13		2009/10	
	Value		Value	
	(Rs.)	(%)	(Rs.)	(%)
Total non-food	25,793	100.0	18,064	100.0
Housing	4,667	18.1	3,446	19.1
Fuel & Lighting	1,755	6.8	1,278	7.1
Clothing, Textiles & Foot wear	1,194	4.6	903	5.0
Health & Personal care	2,181	8.5	1,429	7.9
Transport & Communication	4,315	16.7	3,072	17.0
Education	1,448	5.6	1,018	5.6
Cultural & entertainment	515	2.0	402	2.2
Non-durable household goods	318	1.2	264	1.5
Durable household goods	1,018	3.9	780	4.3
Other non-consumer expenditure	7,678	29.8	4,807	26.6
Liquor, Narcotic drugs & Tobacco	705	2.7	665	3.7

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