

CHAPTER 1

INTRODUCTION

1.1 Background and Objective

The National Statistical Office (NSO) first conducted the Household Expenditure Survey in 1957. Comparable survey known as "The Socio-Economic Survey" was carried out in 1968 - 1969 and was repeated every five years. In 1986, due to the rapid economic expansion and the importance of the survey in order to set the anti-poverty policy, the Ministerial Cabinet had passed an approval on September 8, 1987 for the NSO to carry out the survey for every two years. The 1996 survey is the thirteenth survey of this kind.

The primary objective is to collect information on household income and consumption expenditures, changes in assets and liabilities, housing characteristics as well as the ownership of some durable goods.

1.2 Coverage

The survey covered all private, non-institutional households residing permanently in Municipal Areas, Sanitary Districts and Villages. However, it excluded that part of the population living in transient hotels and rooming houses, boarding schools, military barracks, wats, hospitals, prisons and other such institutions, as well as households of foreign diplomats and other temporary residents.

1.3 Concepts and Definitions

1) Private Household was defined as :

(1) a group of two or more persons who made common provision for food and other essentials of living. Members of a household might pool their income and had a common budget to a greater or lesser extent. They might be related by blood, marriage or adoption, or unrelated. Unrelated boarders or lodgers ; living with a household but not paying for living quarters and/or meals, and servants without their families ; living with a household and receiving food, clothing and housing as part of wages or free, were counted as household members.

Unrelated boarders or lodgers with or without their families ; living with a household but paying for living quarters and/or meals, were treated as separate households.

(2) Each member of a group of unrelated persons, not exceeding five persons, living together, sharing lodging and meals, was treated as one -person household.

(3) A person who made provision for his own food and other essentials of living without having common housekeeping or financial arrangement with other persons, was treated as one-person household.

2) Household Membership

The general criteria used to identify household members were :

- (1) common housekeeping arrangements,
- (2) sharing of principal meals,
- (3) common financial arrangements for supplying basic essentials for living, and
- (4) recognition of one member as the head.

If an usual member of the household was absent at the time of interview but was not expected to be away for more than three months, he was counted as a member provided his income and expenditures could be recorded.

3) Head of Household

The head of household was the person recognized as such by other members, whether he or she was responsible for financial support or welfare of the household members or not.

4) Dwelling Unit

The dwelling unit was defined as all the living space occupied by one household, without regard to physical arrangement or facilities available. It may be one room occupied by a lodger or boarder, or it may be one, two or more houses occupied by an extended household. However, if a dwelling unit was vacant it was defined as a room or group of rooms with direct access, intended for occupancy by one household.

5) Occupation

Occupation was defined as the type of work performed by a person at his place of work. Generally, a person held only one job. During the last 52 weeks if the person had more than one job, the job at which he worked for the greater number of weeks was recorded. If the number of weeks worked for each job were the same, the job which gave him the highest income was recorded.

6) Work Status

Work status was classified into 7 different categories as follows :

(1) an employer was defined as a person who operated his or her own enterprise for profit or dividends and hired one or more persons as his or her employees.

(2) An own-account worker was a person who operated an enterprise on his or her own account or operated it jointly with others in the form of a partnership either for profit or dividends and hired no employees.

(3) A private employee was a person who worked for pay in a non- government enterprise owned and operated by an employer.

(4) A government employee was a person who worked for pay in a government agency, a government enterprise as well as an international organization.

(5) An unpaid family worker was a person who worked without pay on a farm or in a business owned or operated by the household head or other household members.

(6) A person looking for work was a person who did not work at all during the last 52 weeks but had applied for work either at business establishments or by mailing letters of application.

(7) An economically inactive person was one of the following :

- a) a housewife or person who worked around the house,
- b) a student,
- c) a retired person,
- d) a disabled person who was unable to work because of physical or mental disability or because of chronic illness,
- e) a person doing nothing who was voluntarily idle, and
- f) a beggar.

7) Earners and Income Receivers

All economically active members of the household (self-employed, employees, and unpaid family workers) were counted as earners. Members who received money income from any sources (profits, wages and salaries, rents or transfer payments) were counted as income receivers. Profits from family enterprises employing unpaid family workers were assigned to the household head or to the operator of the enterprise if he or she could be identified. Family workers therefore were included as income receivers, and persons receiving only rental income or assistance payment were not counted as earners.

8) Household Expenditures

Total household expenditures include :

- (1) the amount spent to purchase goods and services used for living purposes,
- (2) the value of goods and services received as part of pay, home-produced and consumed (including rental value of owner-occupied dwelling), or received free from other sources, and
- (3) the amount spent for taxes, contributions, insurance premiums, lottery tickets, interest on debts, and other non-consumption items.

Consumption expenditures are total household expenditures excluding non-consumption outlay in (3).

9) Household Income

Total household income includes :

- (1) wages and salaries, tips, bonuses etc.,
- (2) net profits from farming and non-farming,
- (3) property income such as land rent, royalties, interest and dividends,
- (4) current transfer received such as assistance payments, pensions, scholarships and grants,

- (5) non-money income (income-in-kind), the value of goods and services received as part of pay, home produced and consumed (including rental value of owner occupied dwelling) or received free from other sources, and
- (6) other money receipts, such as insurance proceeds, lottery winnings and other "windfall" receipts.

Total current income is total household income excluding other money receipts outlay in (6)

10) Socio-economic Class

The classification of households into socio-economic groups was based on the main source of livelihood, employment status, kind of economic activity and occupation. This classification divided households into 10 major classes which were :

- (1) farm operators mainly owning land,
- (2) farm operators mainly renting land,
- (3) own-account workers on trade and industrial enterprises,
- (4) own-account workers on professional, technical and administrative enterprises,
- (5) professional, technical and administrative workers who worked for pay,
- (6) farm workers,
- (7) general workers,
- (8) clerical, sales and service workers,
- (9) production workers, and
- (10) economically inactive households.

In general the household class was based on the principal source of livelihood and employment status of the chief income receiver, usually the household head. However, if the combined earnings of several members of the household represented the main source of livelihood, the classification was determined on the basis of the employment status of those members. For example, if a household operated a small farm but the earnings of the household members working off the farm as common labourers exceeded farm profits (including the value of home-produced and consumed products), the household was classified in the general worker group.

11) Per Capita Monthly Consumption Decile and Quintile Group

To study the socio-economic characteristics of households living at different economic levels, it was necessary to choose an appropriate criterion which would distinguish those who might be classified as "poor" from those who were "better off" to varying degree. Thus, the per capita monthly consumption expenditures decile group was adopted. For this, households were ranked from low to high according to the per capita monthly consumption expenditures. Then they were divided into 10 groups. Each group contained the same number of households.

Households were sometimes classified by per capita monthly consumption expenditures quintile group. Method of classifying quintile group was the same as the decile one except that households were divided into 5 groups.