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Household Income and Expenditure Survey – 2006/07

Basic Information

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 to provide information on household income and expenditure, to measure levels and changes in living conditions of the people, to observe the consumption patterns, to compute various other socio economic indicators such as poverty, price indices etc. Generally the survey is conducted over a period of 12 months time to capture seasonal variations. The general sample size is 25,000 housing units to facilitate the information be given up to district level. HIES 2006/07 is the sixth in the HIES series and the field work of the survey is done during the period from July 2006 to June 2007 throughout the island excluding the Northern province and the Trincomalee district of the Eastern province. For this survey (HIES 2006/07) the questionnaire was expanded and it presently consists of 9 sections to collect more information related to poverty. Therefore apart from the usual demographic characteristics of the members of the households, expenditure on food and non-food and income received through different sources the following additional areas are also covered in HIES 2006/07.

- i. School education (Aged 5 to 20 years)
- ii. Information related to health
- iii. Inventory of durable goods
- iv. Access to facilities in the area
- v. Debts of the household
- vi. Information about housing
- vii. Agriculture holdings and livestock

Information presented in this report is based on the data collected in the first three months (July, August and September - 2006) of the 12 months survey period in the domain which excludes Northern province and Trincomalee district in Eastern province.

2. Household population

According to the survey results the estimated household population is 18.3 million in Sri Lanka (excluding Northern province and Trincomalee district in Eastern province).

Of the total household population the female population is 9.5 million, which overcomes the male population, which is recorded as 8.8 million. When the 3 residential sectors are considered rural household population is the highest, which is recorded nearly 14.6 million and it consists about 79.5 percent of the total household population.

Table 1: Household population (in million) by sex and sector - 2006

| Sector | Total | Sex | |
|-----------|-------|------|--------|
| | | Male | Female |
| Sri Lanka | 18.3 | 8.8 | 9.5 |
| Urban | 2.7 | 1.3 | 1.4 |
| Rural | 14.6 | 7.0 | 7.5 |
| Estate | 1.0 | 0.5 | 5.3 |

3. School attendance

In this analysis, the school attendance is defined as current attendance at any government, private, international or any other recognized school which provides regular education for children. Children in the age group of 5 - 14 years are considered as the population, which should be compulsorily being attending schools. Out of 2.91 million children who are in the age group of 5 – 14 years, 2.86 million children (i.e. 98.4 percent) attend schools as shown in Table 2. Estate sector shows the highest school avoidance when the relevant age group (5 – 14 years) is considered where only 93.7 percent of children attend schools.

It is to be noted that some of the children who have completed 5 years by the survey date are not eligible to get a chance to enter schools as they were not 5 years old in the month of January in the survey year. Therefore the children whose birthdays fall in between February 2002 to September 2002 were not included in the above eligible group.

Table 2: Children (aged 5 - 14 years) by school attendance and by sector - 2006

| Sector | Total number of children | School education | |
|-----------|--------------------------|----------------------------|--------------------------------|
| | | Currently attending School | Currently attending School (%) |
| Sri Lanka | 2905000 | 2858000 | 98.4 |
| Urban | 436000 | 428000 | 98.2 |
| Rural | 2278000 | 2250000 | 98.8 |
| Estate | 191000 | 179000 | 93.7 |

4. Health

In this section of the questionnaire the data was collected from each and every person usually live in surveyed households considering two different reference periods. One month (last month) reference period is considered to investigate person visits to any of the government hospitals, private hospitals, medical centers, health center to obtain out-patient health care and the one year (last year) reference period is considered for persons obtain treatment at a government hospitals or private hospitals as an in-patient. The survey results reveal that nearly 31 percent of household persons obtain health treatments as an out-patient in a month and about 11 percent persons of all the household population have sought treatments at a hospital at least once in a year as an in-patient for any treatment (Table 3).

Table 3: Health status of household population (percentage) by sector - 2006

| Sector | Obtained Outpatient health care (%) | Treatment at a hospital as an inpatient (%) | Suffering from chronic illness disability (%) |
|-----------|-------------------------------------|---|---|
| Sri Lanka | 31.4 | 10.6 | 15.8 |
| Urban | 29.2 | 10.8 | 18.2 |
| Rural | 31.9 | 10.5 | 15.7 |
| Estate | 30.5 | 11.3 | 10.6 |

5. Household income

Household income is defined as the income received by all the members of the household from any of the various sources identified, either in cash (Monetary income) or in kind (Non-monetary income). The survey results reveal that the country's average household income per month is Rs. 25414 in 2006. In 2005 the average household income was reported as Rs. 20,048. Within the one year period the percentage increase of household income at current prices is nearly 27 percent and the percentage increase in real terms (after removing the effect of inflation) is 11.4 percent.

According to the survey results, urban sector households have received an average income of Rs. 42,878 and estate sector households have received an average income of Rs. 15,724 per month (Table 4). In terms of monthly average household income, it is clear that there is a high disparity between urban sector households and estate sector households. Median household income is a better indicator than the mean household income to compare the variation of household income in Sri Lanka. Table 4 also shows that the median household income per month for Sri Lanka is Rs. 16,494 in 2006. This means 50 percent of the households in Sri Lanka have received an income less than Rs. 16,494 per month in the year 2006.

Gini coefficient is one of the most important and preferred indicator to measure inequality of income of a society. It can take values between zero and one. If the value of the Gini coefficient is zero then it indicates the perfect equal distribution of income among the population in that domain. In 2006, the survey results reveal that Gini coefficient for household income is 0.48 in Sri Lanka.

Table 4: Monthly mean and median household income, Gini-coefficient of household income by sector - 2006

| Sector | Mean Income (Rs.) | Median Income (Rs.) | Gini-coefficient |
|-----------|-------------------|---------------------|------------------|
| Sri Lanka | 25414 | 16494 | 0.48 |
| Urban | 42878 | 23000 | 0.55 |
| Rural | 22979 | 15783 | 0.45 |
| Estate | 15724 | 11287 | 0.41 |

6. Income per capita

Income per capita is estimated by dividing the sum of estimated total income of all the households by the estimated number of household population. Income per capita is also used to measure the wealth of population of a country. According to the survey results, the mean income per capita is Rs. 6235 per month for Sri Lanka in 2006.

Table 5: Mean income per capita and Median income per capita per month by sector – 2006

| Sector | Mean per capita Income (Rs.) | Median per capita Income (Rs.) |
|-----------|------------------------------|--------------------------------|
| Sri Lanka | 6235 | 3931 |
| Urban | 9989 | 5000 |
| Rural | 5713 | 3918 |
| Estate | 3637 | 2435 |

7. Income receiver's income

Income received by each person in surveyed households from all the sources is collected and recorded in the relevant section of the questionnaire/survey schedule. Using these income values, the total monthly income was calculated for each person in that household. If the person is less than 10 years old or his or her total monthly income is less than Rs 150, then he or she is not considered as an income receiver or obtainer and such incomes were added to the income of the head of the household.

In 2006 the average monthly income receiver's income is reported as Rs. 13,705 for Sri Lanka. In 2005 it is reported as Rs. 10,564. When sectors are compared an income receiver in the urban sector earns almost three times of income as an income receiver in the estate sector receives for a month. The reported figures for urban sector and estate sector are Rs. 21,842 and Rs. 7,290 respectively (Table 6). When all the three sectors are compared, it is apparent that the highest number of income receivers per household (2.1) is recorded in estate sector where average household size is 4.3 persons.

Table 6: Income receiver's income, number of income receivers per household and average household size by sector – 2006

| Sector | Income receivers income (Rs.) | No. of income receivers per household | Household Size (No. of persons) |
|-----------|-------------------------------|---------------------------------------|---------------------------------|
| Sri Lanka | 13705 | 1.8 | 4.1 |
| Urban | 21842 | 1.9 | 4.3 |
| Rural | 12686 | 1.8 | 4.0 |
| Estate | 7290 | 2.1 | 4.3 |

8. Household Expenditure

Household expenditure was collected under three main sections.

- Expenditure on food
- Expenditure on Non- food
- Expenditure incurred by boarders and domestic servants

To improve the quality of the collection of data, different reference periods were imposed on different groups of consumer items, at the data collection stage, depending on the consumer behavior pattern 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.

Table 7 shows that the mean household expenditure per month is Rs. 22,671 in 2006. Of that Rs. 8105 was spent on food and drink, which is about 35.7 percent of the total expenditure and this proportion, is defined as Food ratio.

Table 7: Mean household expenditure per month by Sector – 2006

| Sector | Mean expenditure (Rs.) | Food expenditure (Rs.) | *Non food expenditure (Rs.) |
|-----------|------------------------|------------------------|-----------------------------|
| Sri Lanka | 22671 | 8105 | 14565 |
| Urban | 37978 | 10604 | 27375 |
| Rural | 20620 | 7753 | 12868 |
| Estate | 12879 | 6790 | 6089 |

* including Liquor, Narcotic drugs and Tobacco

9. Consumption of selected food items

Expenditure per capita on food is reported as Rs.1,987 per month and mean per capita consumption of rice per month is 8.7 kg and bread is 1.7 kg per month in 2006 (Table 8).

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

| Item | Unit | Quantity | Value(Rs.) |
|-----------------------------------|------|----------|------------|
| Total food expenditure per capita | | | 1987 |
| Rice (Samba) | gram | 1714 | 59 |
| Rice (Nadu) | gram | 2749 | 78 |
| Rice (Kekulu) | gram | 4279 | 115 |
| Wheat Flour | gram | 605 | 21 |
| Bread (Normal) | gram | 1647 | 70 |
| Dhal | gram | 559 | 45 |
| Big onions | gram | 562 | 25 |
| Sugar | gram | 1303 | 81 |
| Coconut | num | 7 | 99 |

The consumption pattern of some selected food items such as rice (Kekulu, Nadu and Samba), Wheat flour, bread, and Fresh fish 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 other two sectors. On the other hand households in urban sector consume more bread and rice (Samba), fresh fish than those in other two sectors.

Table 9: Average monthly household consumption quantities on selected food items by sector - 2006

| Item | Sri Lanka (kg) | Urban (kg) | Rural (kg) | Estate (kg) |
|---------------|-------------------|---------------|---------------|----------------|
| Rice (Samba) | 7.0 | 9.7 | 6.9 | 1.6 |
| Rice (Nadu) | 11.2 | 6.3 | 11.5 | 21.0 |
| Rice (Kekulu) | 17.6 | 10.9 | 18.6 | 17.7 |
| Wheat flour | 2.5 | 1.6 | 1.6 | 17.6 |
| Normal bread | 6.7 | 10.3 | 6.3 | 3.8 |
| Fresh fish | 3.3 | 4.6 | 3.3 | 1.1 |
| Dried fish | 1.3 | 0.9 | 1.4 | 0.8 |

10. Non food expenditure for major expenditure groups

As usual every Household Income and Expenditure survey reveals that expenditure on housing as the highest expenditure group among all non-food expenditure groups (other than the group of "Other non-consumer expenditure") 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 this group of housing expenditure.

The group of "Other non-consumer expenditure" contains a large amount of expenditure on weddings, funerals, social activities, ceremonies, payment of debts, construction, and renewal of part of the house, savings, donations, etc. incurred during the one year (last year) reference period. Therefore it has reported a relatively higher value as compared with the other major non-food expenditure groups.

Table 10: Average monthly household expenditure by major non-food expenditure group - 2006

| Item | Value (Rs.) | (%) |
|----------------------------------|----------------|------|
| Total non-food | 14567 | 100 |
| Housing | 2531 | 17.4 |
| Fuel & Light | 976 | 6.7 |
| Clothing, Textiles & Foot wear | 763 | 5.4 |
| Health & Personal care | 1044 | 7.2 |
| Transport & Communication | 2271 | 15.6 |
| Education | 622 | 4.3 |
| Cultural & entertainment | 266 | 1.8 |
| Non durable household goods | 351 | 2.4 |
| Durable household goods | 952 | 6.5 |
| Other non consumer expenditure | 4257 | 29.2 |
| Liquor, Narcotic drugs & Tobacco | 504 | 3.5 |