



Household Income and Expenditure Survey – 2012/13

Preliminary Results of First Three Monthly Rounds

(July, August, September 2012)

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Department of Census & Statistics

Overview

The Department of Census and Statistics (DCS) conducts the Household Income and Expenditure Survey (HIES) under the National Household Survey Programme. The HIES had been conducted in combination with Labour Force Survey named as Labour Force and Socio-Economic Survey till 1990. DCS first initiated the HIES as a separate survey in 1990 and since then it has been continued once in every five years till 2006/07. In response to the rapidly changing economic conditions the DCS decided to conduct the HIES once in every three years starting from 2009/10 which enabled to monitor the income and spending patterns in the country far more frequently.

Generally the HIES is conducted over a period of 12 consecutive months to capture seasonal variations of income and expenditure patterns in Sri Lanka. 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 its series. The field work of this survey was carried out during the period from July 2012 to June 2013.

The HIES questionnaire was revised in 2006/07 and now it consists of nine sections to collect household information covering the following areas.

- Demography
- School education
- Health



- Food and non-food expenditure
- Income
- Inventory of durable goods
- Access to facilities in the area and debts of the households
- Housing Information
- Agriculture holdings and Livestock

Coverage of the Survey

Information presented in this bulletin is based on the data collected from 5,431 household throughout the country during the months (July, August and September, 2012)

Collection of data in this survey is successfully covered in all the dis-

tricts after 26 years. The last survey (related to this survey- Labour Force and Socio Economic Survey) covered the whole country was in 1985/86 period.

Main objectives

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

Special points of interest:

2012-HIES

- Average monthly household income
Rs. 46,207
- Median monthly household income
Rs. 30,400
- Average monthly Per-capita income
Rs. 11,932
- Average monthly Income receiver's income
Rs. 25,778
- Average monthly household expenditure
Rs. 40,887
- Household size
3.9 persons
- Number of income receiver's per household
1.8 persons

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Population

The survey reveals the estimated household population in 2012 is 20.2 million in Sri Lanka. When the three residential sectors are considered, majority of the population (78%) is in the Rural sector which recorded as 15.7 million. Population in the Estate sector is 0.9 million which is 5 % of the total population in Sri Lanka. Urban sector population recorded as 3.6 million.

Female population is higher than the male population in Sri Lanka. The female population reported in the survey is 10.7 million. However there is no considerable differences of distribution pattern of male

and female population in the urban and estate sectors .

Figure 01 :Household population in Sri Lanka-2012

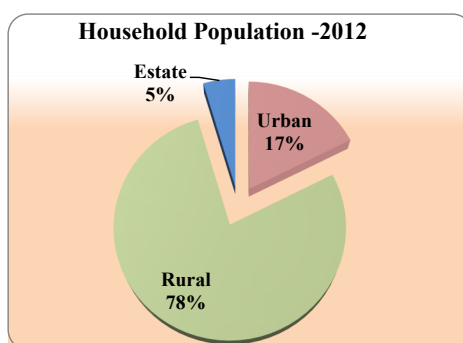


Table 1: Household population (in millions) by sex and sector - 2012

Sector	Sex		
	Total	Male	Female
Sri Lanka	20.2	9.5	10.7
Urban	3.6	1.7	1.9
Rural	15.7	7.4	8.3
Estate	0.9	0.4	0.5

School attendance

The HIES 2012 reveals that among the total child population aged 5 to 14 years in Sri Lanka, 98.7% children are currently attending school. In rural sector school attendance rate is 99.0% and in other two sectors also record almost the same percentages.

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 considered as the target population in which the school attendance is compulsory by law.

Table 2: Percentage distribution of school attendance of children aged 5-14 years by sector - 2012

Sector	Total	Currently attending school	Never attended school	Attend school in the past
Sri Lanka	100.0	98.7	0.6	0.7
Urban	100.0	97.5	1.5	1.0
Rural	100.0	99.0	0.4	0.5
Estate	100.0	97.6	0.9	1.6

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

Friedrich Wilhelm Nietzsche

"The roots of education are bitter, but the fruit is sweet."

Aristotle

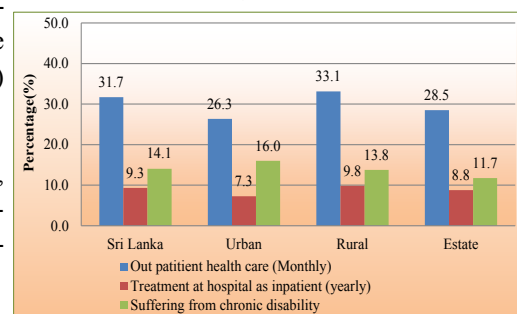
Health

In the health section of the survey questionnaire, the data was collected from each and every person usually living in the surveyed household considering two different reference periods. One month (last month) reference period was considered to investigate if the person has received any medical treatment as outpatient in any government or private hospital, medical center or healthcare center

and to investigate about persons who received medical treatments as inpatients at any government or private hospitals as , the one year (last year) reference period was considered

The survey shows that in a month, nearly 31.7% of the household population obtains health treatments as outpatients per month.

Figure 02 :Health status of household population (percentage) by sector -2012



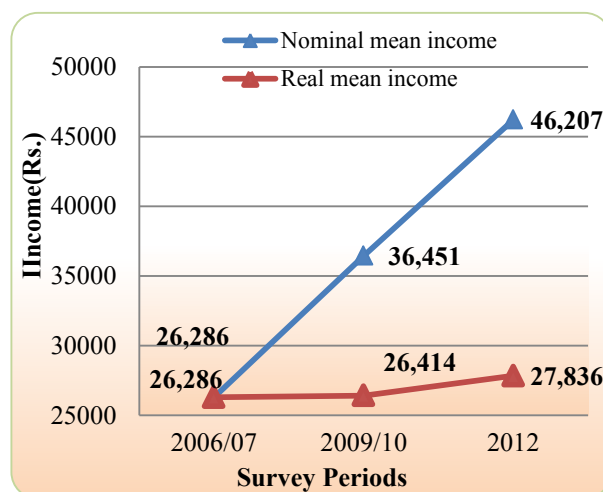
Household Income

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 income generated by other sources such as agricultural and non-agricultural activities, other monetary receipts (social protection transfers) 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. 46,207 in 2012 in Sri Lanka. In 2009/10 the average household income was reported as Rs. 36,451. Within nearly 2.5 year period, the percentage increase of the household income at current prices is nearly 26.8 %. However, for the same period the real income (adjusted for the inflation of prices) shows the increase is approximately 5.5%.

The median household income in Sri Lanka has reported as Rs. 30,400 in 2012 showing an increase of about 28 % from 2009/10 and the real median household income has also increased by 6.4 % from 2009/10 to 2012.

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



Note: Based year for real values - 2006/07

Table 3: Average monthly household median income by Survey period

Median income	Survey period	
	2009/10	2012
Nominal median income	23,746	30,400
Real median income	17,207	18,313

The HIES 2012 has found that the average monthly household income in the Urban sector has risen only by 43% from 2009/10 (from Rs. 47,783 to Rs.68,336). However, the corresponding increase for the median household income is 35.3% from Rs. 31,000 to Rs. 41,958 in 2009/10 to 2012 respectively.

In 2012 the average monthly household income in the Estate sector has increased by 32% (from Rs.24,162 to Rs.31,895 from 2006/07 to 2012 survey period. For same period, the median income has increased in the Estate sector by 47.8% from Rs. 17,366 to Rs.25,664.

Table 4: Monthly mean and median house

Sector	mean income	median income
Sri Lanka	46,207	30,400
Urban	68,336	41,958
Rural	42,184	28,921
Estate	31,895	25,664

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

Sector	Survey Period		
	2006/07	2009/10	2012
Sri Lanka	0.49	0.49	0.48
Urban	0.54	0.49	0.51
Rural	0.46	0.48	0.47
Estate	0.57	0.42	0.39



The national value of the Gini coefficient is 0.48 in 2012 which shows a slight drop from 0.49 reported in 2009/10. At the sector level the Gini coefficient was 0.51, 0.47 and 0.39 in Urban, Rural and Estate sectors respectively in 2012.

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 2012 the per capita income in Sri Lanka is Rs. 11,932 per month. In 2009/10 it was Rs. 9,104 and has increased by 31% from then to 2009/10. Urban sector shows the highest mean (Rs.17,150) and median (Rs.10,167) 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 that 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 is not defined as an income receiver by the HIES and such income values are added to income of head of the respective household.

The survey reports that the average monthly income receiver's income for Sri Lanka in 2012 is Rs. 25,778 which is 26% increase from Rs.20,427 reported in 2009/10. 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 more than two times higher income than an average income receiver in the Estate sector. However the number of income receivers per household is higher in estate sector when compared with other two sectors. Income receiver's median income for 2012 is Rs.16,210 which is 29.7% increase from Rs.12,500 reported in 2009/10.

Table 6: Average monthly income receiver's income, number of income receivers per household and household size by sector – 2012

Sector	Mean income (Rs.)	Median income (Rs.)	No. of income receiver's per household	Household size
Sri Lanka	25,778	16,210	1.8	3.9
Urban	36,174	21,000	1.9	4.0
Rural	24,079	15,771	1.7	3.8
Estate	15,035	11,440	2.1	4.1

“Be a money spinner”

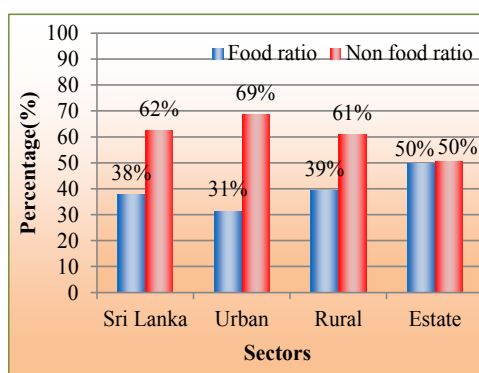
Household Expenditure

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 –2012



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 etc.

The Table 7 shows that the average household expenditure in Sri Lanka in 2012 is Rs.40,887 in which Rs. 15,358 (38%) is the expenditure on food consumption and Rs. 25,529 (62%) is on non-food items and services.

When compare the food and non-food expenditure at sector level, the Urban and the Rural sector household spend more on non-food than food. But the Estate sector non food expenditure and food expenditure are almost equal. The average household expenditure reported in 2009/10 was Rs. 31,331 which has increased by 30.5% since then to 2012. The food expenditure and the non-food expenditure, the percent-

Table 7: Average monthly household expenditure - 2012

Sector	Mean expenditure (Rs.)	Mean Food expenditure	* Non food expenditure
Sri Lanka	40,887	15,358	25,529
Urban	59,001	18,513	40,487
Rural	37,561	14,704	22,857
Estate**	29,779	14,779	15,000

* including Liquor, Narcotic drugs and Tobacco

** include Corporate & Non-Corporate sectors

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

age increase from 2009/10 to 2012 are 15.8% for food and 41.3% for non-food respectively (Food -Rs. 13,267, Rs.15,358 and Non-food - Rs.18,065, Rs.25,529 for 2009/10 and 2012 respectively).

When the 3 sectors are compared over the period from 2009/10 to 2012, the mean household expenditure has increased by 31.3% in the Urban sector while the Estate sector shows 24.1% increase.

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Over the same period, the Rural sector household have also gained by nearly 28% 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 2006/07 constant prices is Rs. 24,631 in 2012 which shows 8.5% growth from 2009/10.

When observing the sector level changes in the real household expenditure over the survey periods from 2009/10 to 2012, the urban sector has gained by 9.2%. However, the rural sector increased by 6.1% while estate sector reported just 3.2% growth in the real household expenditure.

Except the estate sector, in other two sectors real household expenditure has slightly decreased from 2006/07 to 2009/10. The main reason behind the relatively high expenditure growth reported in estate sector from 2006/07 to 2009/10 is the in-

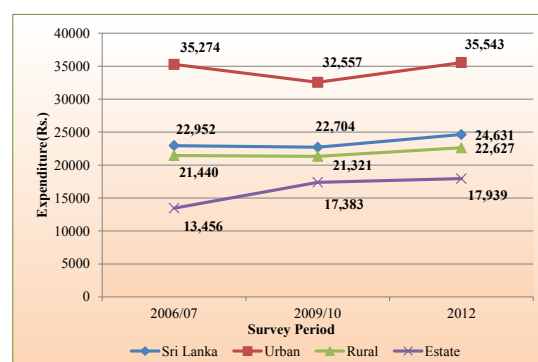
crease of wages and salaries income of the plantation workers during this period.

The national real household expenditure also has decreased by 1% from 2006/07 to 2009/10. However from 2009/10 survey periods to 2012, the real household expenditure has increased in all the three sectors. (Figure 5).

Table 8: Median household expenditure by sector -2012

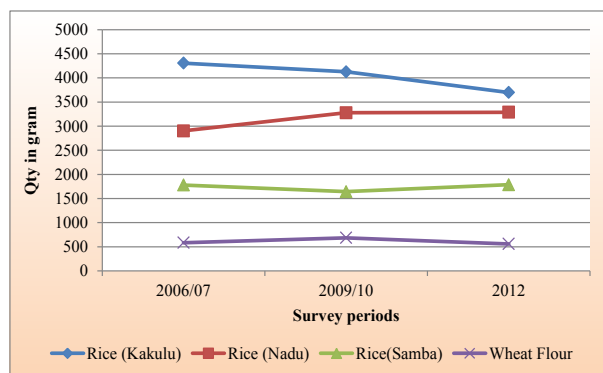
Sector	Median expenditure (Rs.)
Sri Lanka	30,051
Urban	42,811
Rural	28,331
Estate	25,580

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, 2006/07—2012



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 2006/07 through 2009/10 to 2012, 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.15,358 in 2012.

The Table 9 shows that a large number of people consume Kekulu rice than Nadu and Samba. The per capita Kekulu rice consumption which was 4.1kg per month in 2009/10 has dropped to 3.7kg in 2012. The Nadu rice consumption has not been changed considerably from 2009/10 to 2012 while the consumption of Samba rice and Dhal are showing an increase.

When the per capita consumption of other given items are compared, bread and sugar consumption have decreased while the total rice consumption per person per month has not

Table 9: Per capita consumption of selected food items per month - 2009/10-2012

Item	Unit	2009/10		2012	
		Qty	Value Rs.	Qty	Value Rs.
Rice (Kakulu)	gram	4127	244	3698	197
Rice (Nadu)	gram	3278	210	3288	196
Rice (Samba)	gram	1643	119	1787	125
Wheat Flour	gram	687	47	559	51
Bread(Normal)	gram	1266	106	939	118
Dhal	gram	501	99	578	93
Big onion	gram	582	45	579	47
Sugar	gram	1212	113	1104	117
Coconut	num	7	184	7	204

changed much. However, there are no considerable changes to notice in consumption patterns of Coconuts and Big onions during the period from 2009/10 to 2012.

“There are people in the world so hungry, that God cannot appear to them except in the form of bread.”

— Mahatma Gandhi

Non- food expenditure

As every HIES reveals, the expenditure on housing is the highest single expenditure group among all the non-food expenditure groups in HIES. The estimated rental values of owner occupied housing units and housing units occupied without paying any rent are also included in the group of housing expenditure.

The group "Other expenses" that reports 26.8% share of total non food expenditure in Table 10, contains the occasional but bulk expenditure, on social and cultural activities such as weddings, funerals, religious ceremonies etc. In addition, it includes the expenditure such as provident fund /W. & O. P. fund, contributions to trade unions, welfare societies /elderly societies, insurance / Aghara and other savings (including seettu), payments for debts, money lending, income taxes, ceremonies gift, donation, maintenance & repairs of houses, purchased of properties/ houses and construction of new houses.

When observed the non food expenditure pattern in 2009/10 to 2012 survey period, it is shown that share of non food expenditure on housing, communication and liquor and tobacco have decreased while transport and personal care and health care expenditure have increased. The share of other non-food expenditure groups have not been changed considerably.

Table 10: Average monthly household expenditure by major non-food expenditure groups - 2009/10, 2012

	2009/10		2012	
	Value (Rs.)	(%)	Value (Rs.)	(%)
Total non-food expenditure	18,064	100.0	25,529	100.0
Housing	3,446	19.1	4,533	17.8
Fuel & Light	1,278	7.1	1,724	6.8
Personal care & Health	1,429	7.9	2,228	8.7
Transport	2,317	12.8	3,607	14.1
Communication	755	4.2	891	3.5
Education	1,018	5.6	1,430	5.6
Cultural & entertainment	402	2.2	546	2.1
Household non-durable goods & household Services	362	2.0	552	2.2
Clothing, Textiles & Foot wear	903	5.0	1342	5.3
Durable household	780	4.3	1099	4.3
Other expenses	4,709	26.1	6,837	26.8
Liquor, Drugs and Tobacco	665	3.7	738	2.9

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