

57% of Sri Lankans unwilling to pay higher food bill to protect local industry

Advocata Survey

A survey commissioned by the Advocata Institute in April 2019 revealed that 57% of Sri Lankans were unwilling to pay extra for food, even if it meant that the local agricultural industry would be protected.

This survey covered 855 respondents in 18 districts within 8 provinces in Sri Lanka. The demographic variables considered were age, gender, educational qualification, socio-economic class, and monthly household income.

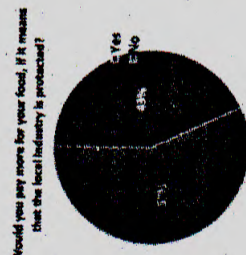
The survey also revealed that the lower the Socio-Economic Category (SEC), the less willing respondents were to pay extra for their food, to protect the local industry. SEC is the category an individual falls into based on their education and occupation. It was only in the highest SEC where 51% answered 'yes', agreeing to incur a higher cost of living at the cost of protectionist taxes. SECs following it were increasingly reluctant to pay more for food, even if it meant that local businesses were protected.

Lower-income households spend most of their income on food according to the Household Income and Expenditure (HISE) Survey. The lower the income level higher the proportion of their expenditure on food-related items.

The survey also noted differences across provinces. Respondents from the North Central and Sabaragamuwa provinces were more willing to incur higher food costs, with 64% from the North Central Province and 61% from the Sabaragamuwa Province answering 'yes'. In contrast, only 22% of respondents from the Southern Province and 24% from the North Western Province answered 'yes'.

Interestingly, 72% of males were unwilling to bear the burden of a higher

57% of people unwilling to pay extra for food at the expense of protectionist taxes



Responses by Demographic profile

Demographic Profile	Yes (%)	No (%)
Gender		
Male	51	49
Female	64	36
Age		
18-29 years	58	42
30-39 years	52	48
40-49 years	55	45
50-59 years	53	47
60-69 years	56	44
70-79 years	54	46
80+ years	52	48
Education		
Below grade 10	45	55
Grade 10-11	48	52
Grade 12	51	49
University	58	42
SEC		
SEC A	51	49
SEC B	48	52
SEC C	45	55
SEC D	42	58
SEC E	40	60
Province		
North Central	64	36
North Western	58	42
Western	52	48
Southern	22	78
Eastern	55	45
Central	57	43

Source: Household Income and Expenditure Survey (2016), Table 3.13, Pg 31

Decile group	Expenditure decile	Median household expenditure (Rs.)	Mean household expenditure (Rs.)	Mean non food expenditure (Rs.)	Mean household income (Rs.)
1	Less than or equal to 15,321	40,186	54,999	19,114	62,237
2	15,322 - 23,518	16,678	19,561	10,754	9,916
3	23,519 - 30,003	24,191	27,010	14,206	19,766
4	30,004 - 36,445	28,586	31,387	15,566	26,774
5	36,446 - 43,511	33,200	35,749	17,056	33,243
		37,523	40,880	18,281	39,890

cost for food according to the survey. To put this into perspective, Sri Lanka has 4 million male-headed households (Household Income and Expenditure Survey, 2016).

Below is a breakdown of tariffs on ingredients used everyday by Sri Lankans:

- 57% of people were not willing to pay more for their food, even if it

meant that the local industry is protected.

- Socioeconomic classes B,C,D and E were less willing to incur higher costs for food, resulting from exorbitant tariffs.
- Sri Lanka has a high cost of living compared to its peers in the region. Tariffs and protectionist taxes on food items, some close to 100% mean that

Item	HS code	General Duty	VAT	PAL	CESS
Kekulu white	1006.30.10	30% or Rs. 55/= per kg	8%	10%	
Kekulu samba white	1006.30.10	30% or Rs. 55/= per kg	8%	10%	
Kekulu red	1006.30.10	30% or Rs. 55/= per kg	8%	10%	
Kekulu samba red	1006.30.10	30% or Rs. 55/= per kg	8%	10%	
Samba	1006.30.30	30% or Rs. 55/= per kg	8%	10%	
Nadu red	1006.30.20	30% or Rs. 55/= per kg	8%	10%	
Nadu white	1006.30.20	30% or Rs. 55/= per kg	8%	10%	
Wheat flour	1101.00.10	15% or Rs. 16/= per kg	Ex	10%	Rs. 15/= per kg
Bread	1905.90.10	30%	8%	10%	35% or Rs. 100/= per kg
Dhal - Mysoor (Whole)	0713.40.11	Free	8%	10%	
Frozen whole chicken	0207.12.00	Rs. 220/= per kg	Ex	10%	
Balaya	0303.43.00	15%	8%	10%	
Kelawalla	0303.42.00	15%	8%	10%	
Coconut (endocarp)	0801.12.00	30%	8%	10%	30% or Rs. 110/= per kg
Bombay onions	0703.10.20	30% or Rs. 20/= per kg	8%	10%	
Concentrated milk and cream, unsweetened (excl. in solid form)	0402.10.00	20% or Rs. 225/= per kg	8%	10%	

Source: Compilation from the Customs Tariff Guide as at 18th Dec 2019

consumers will continue to suffer at the expense of ill-framed policy" - Dhananath Fernando, Chief Operating Officer, Advocata Institute.

The complete survey can be accessed on our website. Advocata is an independent policy think tank based in Colombo, Sri Lanka. We conduct research, provide commentary and hold events to promote sound policy ideas compatible with a free society in Sri Lanka. Visit advocata.org for more information. Advocata spokespersons are available for live and pre-recorded broadcast interviews via 077 4858401