



Household Income and Expenditure Survey – 2016

Final Results

(January to December 2016)

DEPARTMENT OF CENSUS AND STATISTICS

Ministry of National Policies and Economic Affairs

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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 until 1990. The DCS first initiated the HIES as a separate survey in 1990/91 and since then it has been continued once in every five years till 2006/07. In response to the rapidly changing socio-economic conditions the DCS decided to conduct the HIES once in every three years starting from 2009/10 which enables more frequent monitoring of the income and expenditure patterns in the country.

HIES is generally 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 the district level. The HIES 2016 is the ninth in its series. The field work of the survey was carried out from January to December 2016.

The HIES questionnaire was revised in 2006/07. Currently it is consisted 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



Coverage of the Survey

Information presented in this bulletin is based on the data collected from 21,756 households throughout the country during the months of January to December, 2016.

Main objectives of the survey

- 1) To measure the levels and changes in living conditions of household.
- 2) To observe the consumption patterns.
- 3) To compute various socio-economic indicators such as poverty.
- 4) To contribute to the reweighting of the price index (CPI).

Special points of interest:

HIES –2016

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

• Poorest 20% - Rs.14,843
(CI: Rs.14,651— Rs.15,034)
CV =0.7%
(1st and 2nd deciles)

• Poorest 40% - Rs.22,423
(CI: Rs.22,201— Rs.22,645)
CV=0.5%
(1st to 4th deciles)

• Middle 60% - Rs.46,097
(CI: Rs.45,792— Rs.46,403)
CV=0.3%
(3rd to 8th deciles)

• Richest 20% - Rs.158,072
(CI: Rs.150,477— Rs.165,667)
CV=2.5 %
(9th and 10th deciles)

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Household Income

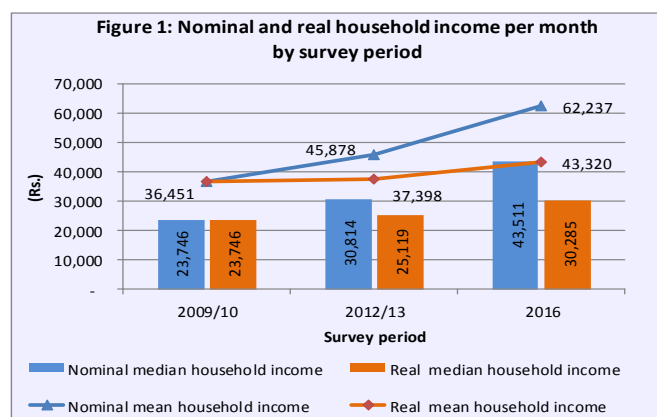
Household income refers to income received either in cash (Monetary income) or in-kind (Non-monetary income) by all the residents in a household. This includes not only wages and salaries but also all the other sources such as agricultural and non-agricultural activities, other monetary receipts such 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.

The survey reveals that the average household income per month was Rs. 62,237 in 2016 in Sri Lanka. The median household income per month in Sri Lanka has been reported as Rs. 43,511 in 2016.

The real mean household income per month has been reported as Rs.43,320 based on 2009/10 (adjusted for the inflation of prices using National Consumer Price Index (NCPI)) showing an increase approximately 15.8 per cent from 2012/13 to 2016. The real median household income per month has been reported as Rs. 30,285 in 2016 showing an increase of about 20.6 percent from 2012/13.(Figure01).

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 same domain.

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



Note: Based year for real values - 2009/10 and inflated by NCPI for 2012/13 and 2016.

Table 1: Mean and median nominal household income per month by sector, province and district - 2016

Sector/Province /District	Mean (Rs.)	[95% Conf. Interval] (Rs.)		CV(%)	Median Income (Rs.)
Sri Lanka	62,237	60,365	64,109	1.5	43,511
Sector					
Urban	88,692	79,590	97,793	5.2	57,833
Rural	58,137	56,749	59,525	1.2	42,133
Estate	34,804	32,476	37,133	3.4	29,134
Province					
Western	84,231	78,359	90,103	3.6	57,514
Central	53,053	50,235	55,870	2.7	40,010
Southern	59,375	56,531	62,218	2.4	43,605
Northern	46,081	42,725	49,438	3.7	34,500
Eastern	43,168	39,983	46,352	3.8	32,621
North-Western	60,398	56,352	64,443	3.4	41,977
North-Central	60,298	54,157	66,439	5.2	42,092
Uva	51,635	47,876	55,393	3.7	36,597
Sabaragamuwa	49,057	46,240	51,873	2.9	37,043
District					
Colombo	104,581	90,729	118,433	6.8	70,000
Gampaha	72,834	67,792	77,877	3.5	53,123
Kalutara	69,171	62,179	76,162	5.2	49,106
Kandy	55,194	51,164	59,224	3.7	41,858
Matale	56,075	49,170	62,980	6.3	42,579
Nuwara Eliya	46,517	42,021	51,013	4.9	35,488
Galle	63,093	57,915	68,271	4.2	45,333
Matara	54,019	50,484	57,555	3.3	42,146
Hambantota	59,932	54,442	65,423	4.7	42,539
Jaffna	47,731	42,007	53,454	6.1	35,500
Mannar	45,608	39,139	52,078	7.2	35,150
Vavunia	58,625	52,027	65,222	5.7	44,043
Mullaitivu	31,868	27,168	36,567	7.5	25,526
Kilinochchi	31,576	28,620	34,532	4.8	27,050
Batticaloa	40,356	34,074	46,639	7.9	28,297
Ampara	43,821	39,882	47,761	4.6	34,486
Trincomalee	46,138	39,247	53,030	7.6	37,000
Kurunegala	59,661	55,568	63,753	3.5	42,287
Puttalam	61,981	52,775	71,188	7.6	40,890
Anuradhapura	58,326	50,833	65,819	6.6	41,629
Polonnaruwa	64,525	53,816	75,234	8.5	44,180
Badulla	53,236	48,100	58,373	4.9	36,870
Moneragala	48,842	43,765	53,918	5.3	35,838
Ratnapura	46,977	43,093	50,861	4.2	35,183
Kegalle	51,865	47,837	55,893	4.0	39,779

Source of Income

Income is received in two main ways, 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 etc.), 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 own 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 2016 and 2012/13. Usually major part of the monetary income is reported from wages .

Household Per capita income

Household per capita income is computed dividing the total household income by number of household members.

In 2016 the household average monthly mean per capita income in Sri Lanka is Rs. 16,377 per month. In 2012/13 it was Rs. 11,819 and has increased by 39% by 2016.

Median per capita income per month for 2016 was Rs.11,307. That is the half of the household population had more than Rs.11,307 income per month and other half had less than Rs.11,307 income per month. The highest median income had been reported from western province and the lowest reported from Eastern province.

Table 2: Mean household income per month by main source of income 2016 ,2012/13

Source of income	2016		2012/13	
	Mean	Income share	Mean	Income share
	(Rs.)	(%)	(Rs.)	(%)
Sri Lanka	62,237	100.0	45,878	100.0
Monetary Income	52,979	85.1	39,300	85.7
Wages/Salaries	23,790	38.2	16,134	35.2
Agricultural activities	4,753	7.6	5,213	11.4
Nonagricultural activities	10,813	17.4	7,990	17.4
Other cash income	8,029	12.9	5,230	11.4
Income by chance/adhoc gains	5,594	9.0	4,733	10.3
Non-monetary Income	9,257	14.9	6,578	14.3
Income in kind	2,964	4.8	2,381	5.2
Value of own occupied housing unit	6,293	10.1	4,197	9.1

Table 3: Mean and median household per capita income per month by sector and by province – 2016

Sector/Province	Mean per capita income	Median per capita income
	(Rs.)	(Rs.)
Sri Lanka	16,377	11,307
Sector		
Urban	22,297	14,090
Rural	15,508	11,140
Estate	8,566	7,107
Province		
Western	21,665	14,400
Central	13,729	9,890
Southern	15,730	11,253
Northern	11,384	8,434
Eastern	11,259	8,261
North-western	16,671	11,420
North-Central	16,567	11,248
Uva	13,867	10,139
Sabaragamuwa	13,157	9,711

Income receivers' income

In order to obtain the Income receivers' income, the HIES records the household income that received from all the sources, at personal level. If a person is less than 10 years old or his total monthly income is less than Rs.250 then he/she 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 results reveals that the average monthly income receivers' income per month for Sri Lanka in 2016 is Rs. 33,894 which is 30.5% increase from Rs.25,963 reported in 2012/13. 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 three times higher income than that of in the estate sector. However, the number of income receivers per household is higher in urban and estate sectors when compared it with the rural sector. Income receivers' median income for 2016 is Rs.23,260 which is 39.6% increase from Rs.16,667 reported in 2012/13.

Gini Coefficient

Income inequality can be explained by many indicators. The most widely used single measurement is Gini coefficient. The range of the Gini coefficient is between 0 and 1, where 0 indicates perfect equality and 1 indicates maximum inequality.

The national value of the Gini coefficient of household income is 0.45 in 2016 which shows a declined from 0.48 reported in 2012/13. In 2016 at the sector level Gini coefficients are 0.48, 0.44 and 0.36 in Urban, Rural and Estate sectors respectively.

Table 4: Income receivers' mean and median income per month, number of income receivers and household size by sector, district - 2016

Sector/District	Income receivers mean income (Rs.)	Income receivers median income (Rs.)	Household size	No.of income receivers in the household
Sri Lanka	33,894	23,260	3.8	1.8
Sector				
Urban	46,383	30,000	4.0	1.9
Rural	32,134	22,792	3.8	1.8
Estate	16,940	13,692	4.1	2.0
District				
Colombo	51,962	33,000	4.0	2.0
Gampaha	40,174	28,386	3.8	1.8
Kalutara	35,674	24,000	3.9	1.9
Kandy	29,714	21,600	3.8	1.9
Matale	30,660	20,814	3.7	1.8
Nuwara Eliya	23,945	16,071	4.1	1.9
Galle	34,406	24,179	3.7	1.8
Matara	28,687	21,000	3.8	1.9
Hambantota	33,717	23,705	3.8	1.8
Jaffna	22,692	16,000	4.2	2.1
Mannar	25,650	21,033	4.2	1.8
Vavunia	28,039	20,833	3.9	2.1
Mullaitivu	18,461	12,864	3.8	1.7
Kilinochchi	19,800	18,369	3.9	1.6
Batticaloa	25,577	19,983	3.7	1.6
Ampara	28,353	23,000	3.9	1.5
Trincomalee	28,900	22,278	3.9	1.6
Kurunegala	32,575	21,600	3.6	1.8
Puttalam	34,844	23,000	3.7	1.8
Anuradhapura	35,259	23,787	3.6	1.7
Polonnaruwa	35,044	22,000	3.7	1.8
Badulla	29,641	20,000	3.8	1.8
Moneragala	29,590	21,423	3.7	1.6
Ratnapura	25,366	18,200	3.7	1.9
Kegalle	27,186	20,083	3.8	1.9

Table 5: Gini Coefficient of household income by sector and survey period

Sector	Gini coefficient		
	2016	2012/13	2009/10
Sri Lanka	0.45	0.48	0.49
Urban	0.48	0.51	0.48
Rural	0.44	0.45	0.49
Estate	0.36	0.39	0.43

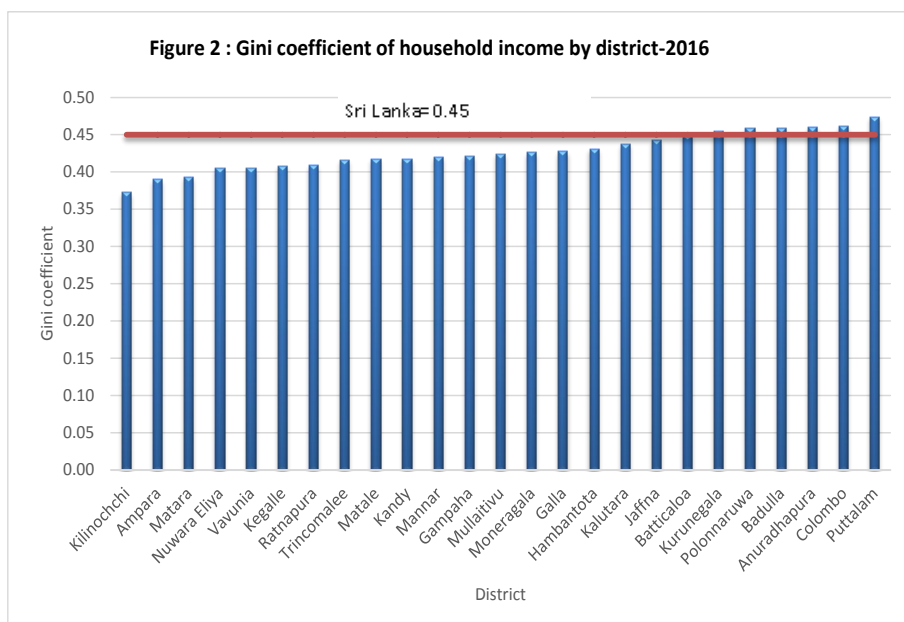
Quintile Dispersion Ratio

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 level.

Table 6 shows the quintile dispersion of household income based on HIES 2016 and 2012/13. A fifth of households included in the survey are allocated to each quintile.

The survey results indicate the decrease of inequality of household income from 2012/13 (0.48) to 2016(0.45). The share of the poorest second to fourth quintile has slightly increased in 2016 compared to the value of 2012/13. The share of fifth (Richest fifth) quintile has been decreased from, 52.9 percent to 50.8 percent and quintile dispersion ratio has decreased from 11.8 in 2012/13 to 10.6 in 2016. These figures are consistent with the Gini index.

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.



The quintile dispersion ratio (The mean household income of the richest 20 percent (5th quintile) divided by the mean household income of the poorest 20 percent (1st quintile)) of household income has been changed only by 1.2 percent from 2012/13 to 2016. From the total household income, only 49.2 percent has allocated among 80 percent of total household population in the country in the year 2016.

Table 6: Breakdown of household income per month by quintile - 2016- 2012/13

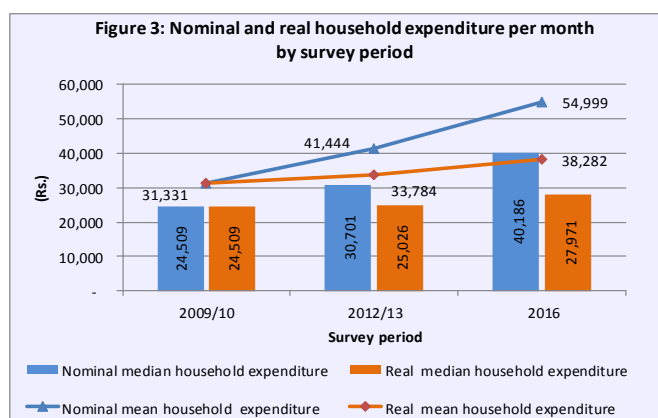
2016	Household Income quintile					Total
	1 st quintile	2 nd quintile	3 rd quintile	4 th quintile	5 th quintile	
Mean household Income per month (Rs.)	14,843	30,008	43,713	64,570	158,072	62,237
Share of income (%)	4.8	9.6	14.0	20.7	50.8	100.0
Cumulative share of income (%)	4.8	14.4	28.5	49.2	100.0	
Cumulative % of Population	20	40	60	80	100	
Quintile Dispersion Ratio = 158,072/14,843 = 10.6						
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						

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.



Note: Based year for real values - 2009/10 and inflated by NCPI for 2012/13 and 2016.

Average monthly household expenditure has been increased from 2009/10 to 2016, after adjusting for inflation; this hold whether the figures are based on averages or medians.

From 2009/10 to 2016, the nominal mean household expenditure has steadily increased from Rs.31,331 to Rs.54,999. Meanwhile, real mean household expenditure increases from Rs. 31,331 constant price to Rs.38,282 during the same period. The survey revealed that the median household expenditure for 2016 was Rs.40,186 in nominal value but it is Rs. 27,971 real term.

According to the survey results , among the districts the highest average monthly household expenditure reported from Colombo district (Rs.90,670) and the lowest reported from Kilinochchi (Rs.28,483)

Table 7: Mean and median nominal household expenditure per month by sector, province and district –2016 and 2012/13

Sector/Province /District	Mean		Median	
	(Rs.) 2016	(Rs.) 2012/13	(Rs.) 2016	(Rs.) 2012/13
Sri Lanka	54,999	41,444	40,186	30,701
Sector				
Urban	77,337	58,930	54,350	43,825
Rural	51,377	38,274	38,377	29,010
Estate	34,851	29,379	30,884	25,580
Province				
Western	74,505	58,298	54,753	44,318
Central	50,334	38,989	38,626	29,513
Southern	52,271	36,430	39,065	28,243
Northern	42,537	34,562	33,742	26,414
Eastern	38,407	30,886	31,582	25,936
North -Western	55,514	37,665	39,518	28,906
North -Central	48,176	33,935	38,025	27,217
Uva	39,140	28,867	30,190	22,953
Sabaragamuwa	42,810	32,376	32,646	25,469
District				
Colombo	90,670	63,030	64,981	49,229
Gampaha	64,563	57,064	49,437	43,057
Kalutara	64,268	51,906	46,099	39,036
Kandy	54,400	41,442	39,878	31,120
Matale	47,744	39,222	37,859	27,342
Nuwara Eliya	44,059	33,882	36,155	28,327
Galle	53,350	34,879	39,830	27,749
Matara	47,322	37,639	35,595	27,962
Hambantota	56,890	37,573	43,004	30,007
Jaffna	43,571	35,405	34,553	28,209
Mannar	46,795	27,406	39,439	22,563
Vavunia	51,754	44,486	42,043	33,503
Mullaitivu	32,576	20,581	23,457	17,352
Kilinochchi	28,483	32,992	23,952	24,052
Batticaloa	32,807	29,579	27,586	23,959
Ampara	42,646	31,849	36,323	26,757
Trincomalee	39,247	31,041	29,360	26,777
Kurunegala	55,718	36,441	39,156	28,010
Puttalam	55,076	40,232	40,259	30,665
Anuradhapura	48,299	31,959	38,984	25,578
Polonnaruwa	47,910	38,257	36,588	30,768
Badulla	41,234	32,381	30,486	25,568
Moneragala	35,487	22,766	29,462	18,159
Ratnapura	38,589	29,426	29,623	23,968
Kegalle	48,511	36,284	38,025	27,697

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 same domain.

Household Food Expenditure

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

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

The average monthly total household food expenditure is Rs. 19,114 in 2016. Figure 04 shows the distribution patterns of food and non food ratios by survey period. Food ratio for 2012/13 was 37.8 percent and it has declined to 34.8 percent in 2016.

Table 8 shows the average monthly household total expenditure, food expenditure and non-food expenditure by sector and district in 2016.

Table 9: Average monthly per capita consumption quantities of selected food items by survey period

Item	Unit	2016	2012/13	2009/10
		Qty	Qty	Qty
Rice	gram	8,707	8,989	9,062
Rice flour	gram	208	194	127
Wheat Flour	gram	509	564	687
Bread (Normal)	gram	948	926	1266
Dhal	gram	613	586	501
Big onions	gram	682	608	582
Sugar	gram	1,058	1,111	1,212
Coconut	number	7	7	7
Chicken	gram	387	320	233
Egg	number	3	3	2
Dried fish	gram	295	299	313

Table 9 shows the average monthly per capita consumption quantities of selected food items by survey period. It reveals that the rice, wheat flour, sugar and dried fish consumption quantities per person per month had declined from 2009/10 to 2016. However, Rice flour, Dhal, big onion and chicken consumption has increased comparatively. There is no change in coconut consumption for three consecutive survey periods.

Note:

Wheat and rice flour consumption quantities were calculated using the quantities which were used to prepare the food items for consumption. This does not include any items based on rice and wheat flour which has been brought and consumed as prepared food such as bread, string hopper, pittu etc.

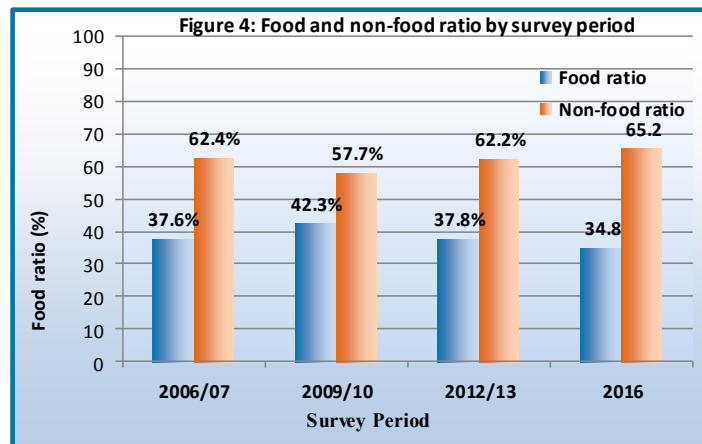


Table 8: Average monthly household expenditure, food expenditure and non-food expenditure by sector and district - 2016

Sector/ District	Total expenditure	Food expenditure	Non-food expenditure
Sri Lanka	54,999	19,114	35,885
Sector			
Urban	77,337	24,108	53,229
Rural	51,377	18,183	33,194
Estate	34,851	16,890	17,961
District			
Colombo	90,670	26,066	64,604
Gampaha	64,563	20,392	44,171
Kalutara	64,268	19,521	44,747
Kandy	54,400	18,457	35,943
Matale	47,744	17,371	30,374
Nuwara Eliya	44,059	18,837	25,222
Galle	53,350	18,171	35,179
Matara	47,322	17,117	30,204
Hambantota	56,890	18,981	37,909
Jaffna	43,571	18,479	25,091
Mannar	46,795	22,241	24,554
Vavunia	51,754	19,621	32,133
Mullaitivu	32,576	16,281	16,295
Kilinochchi	28,483	14,688	13,795
Batticaloa	32,807	18,721	14,086
Ampara	42,646	20,936	21,711
Trincomalee	39,247	18,112	21,135
Kurunegala	55,718	17,670	38,048
Puttalam	55,076	21,196	33,880
Anuradhapura	48,299	17,139	31,161
Polonnaruwa	47,910	16,618	31,293
Badulla	41,234	16,130	25,104
Moneragala	35,487	15,445	20,042
Ratnapura	38,589	15,732	22,858
Kegalle	48,511	16,835	31,676

Household non-food expenditure

Household Income and Expenditure survey reveals that the expenditure on “housing” is the highest single expenditure group among all the non-food expenditure groups 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 30.5 % share of total non food expenditure in 2016 in Table 10, 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.

Figure 5 shows the food and non-food ratios by district. It shows that the highest non-food ratio has been reported from Colombo district and the lowest reported from Batticaloa district. nine districts were reported higher non-food ratios exceeding the national average.

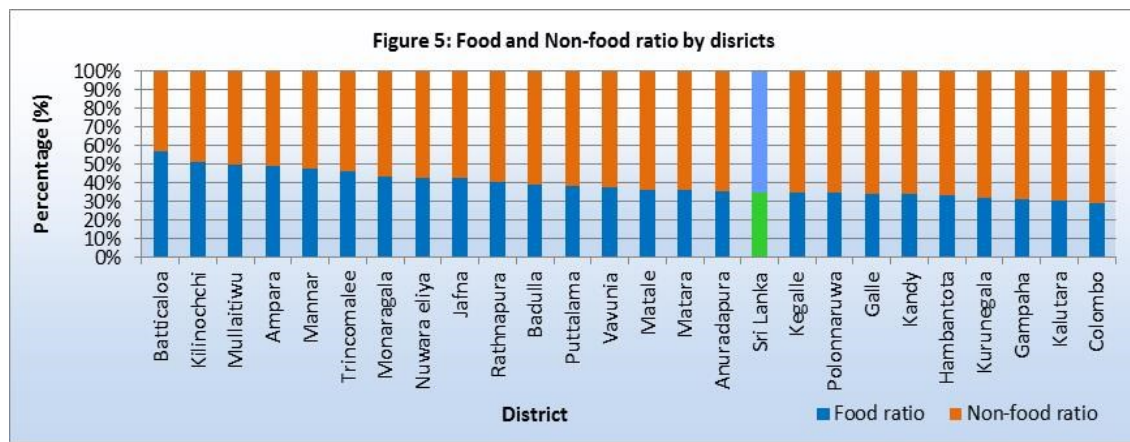


Table 10: Average monthly household expenditure by major non-food expenditure groups - 2016 and 2012/13

Item	2016		2012/13	
	Value (Rs.)	(%)	Value (Rs.)	(%)
Total non-food	35,885	100.0	25,793	100.0
Housing	6,873	19.2	4,667	18.1
Fuel & Light	1,757	4.9	1,755	6.8
Clothing, Textiles & Foot wear	1,581	4.4	1,194	4.6
Health & Personal care	2,529	7.0	2,181	8.5
Transport & Communication	5,548	15.5	4,315	16.7
Education	2,066	5.8	1,448	5.6
Cultural & entertainment	908	2.5	515	2.0
Non durable household goods	362	1.0	318	1.2
Durable household goods	2,261	6.3	1,018	3.9
Other non consumer expenditure	10,945	30.5	7,678	29.8
Liquor, Narcotic drugs & Tobacco	1,056	2.9	705	2.7

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