

Consumer Finances Surveys Conducted Since 1953 – What the Data Reveal

D. Wasantha
Director, Statistics Department

Introduction

Since its inception in 1950, the Central Bank of Sri Lanka has conducted a large number of statistical surveys on diverse subjects. The data collected in these surveys contributed not only to fill the lacunae of economic statistics during the early decades of the Bank's history but also served in establishing a benchmark database for better understanding of the structure, characteristics and performance of the economy. The Consumer Finances Surveys (CFSs) are unique among them as they provide a spectrum of comparable and comprehensive data to assess over fifty years of development in social and economic conditions of the household sector, the largest sector in the nation's economy.

The Central Bank of Sri Lanka (then Ceylon) conducted the first ever All Island Household Consumer Finances Survey in 1953¹, and since then seven surveys have been conducted in 1963, 1973, 1978/79, 1981/82, 1986/87, 1996/97 and 2003/04. Of the eight surveys, the first three were known as Consumer Finances Surveys and the duration of the field work varied from 5 weeks in 1953 to 2 months in 1973. The questionnaires were relatively simple and the field investigation

1 This survey was planned and conducted by the Economic Research Department under the guidance of Dr. B B Das Gupta, Director of Economic Research (DER), who was also instrumental in conducting nine rural surveys and one urban survey in the country during the 1937-1948 period. He served as DER from 1951-1956.

Table 17.1
Key Features of the Consumer Finances Survey Series 1953-2003/04

	1953	1963	1973	1978/79	1981/82	1986/87	1996/97	2003/04
1. Sample Size (Households)	1,100	5,184	5,088	8,000	8,000	7,104	8,880	11,768
2. Sample Design and Stratification	Uni stage stratified random sample design. Population divided into 2 Strata: Non-Estate and Estate sectors	Stratified 2 stage sample design. Population divided into 12 Strata. Stratification by 3 sectors and 4 zones	Stratified 2 stage sample design. Population divided into 13 Strata. Stratification by 3 sectors and 5 zones	Stratified 3 stage sample design. Population divided into 13 Strata. Stratification by 3 sectors and 5 zones	Stratified 2 stage sample design. Population divided into 13 Strata. Stratification by 3 sectors and 5 zones	Stratified 2 stage sample design. Population divided into 13 Strata. Stratification by 3 sectors and 5 zones	Stratified 3 stage sample design. Population divided into 61 Strata. Stratification by 25 Districts and 3 sectors	Stratified 2 stage sample design. Population divided into 61 Strata. Stratification by 25 Districts and 3 sectors
3. Sampling Frame	List of households maintained by the Food Controller's Department	List of households maintained by the Food Commissioner	Census Blocks prepared for the 1971 Population Census by Department of Census and Statistics (DCS)	Census Blocks prepared for the 1971 Population Census by DCS	Census Blocks prepared for the 1981 Population Census by DCS	Census Blocks prepared for the 1981 Population Census by DCS	List of households in towns and villages prepared by DCS	Census Blocks prepared for the 2001 Population Census by DCS
4. Geographical Coverage	All Island	All Island	All Island	All Island	All Island	All Provinces excluding the Northern and Eastern Provinces	All Provinces excluding the Northern and Eastern Provinces	All Provinces excluding 3 districts Killinochchi, Mannar and Mullaitivu in the Northern Province
5. Data Processing	The survey schedules were sent to Madras for the preparation of punched cards and electronic tabulation	Tabulation was done by the DCS, while coding was done by the CBSL	Conducted by the CBSL	Conducted by the CBSL	Conducted by the CBSL	Conducted by the CBSL	Conducted by the CBSL	Conducted by the CBSL
6. Duration of the Survey	5 Weeks	5 Weeks	2 Months	One Year	One Year	One Year	15 Months (a)	One Year

(a) The survey was initially planned to complete in 12 months. Due to unanticipated reasons the survey period had to be extended to 15 months.

Source: CFS 2003/04 – Part 1 & CFS 1953

was mostly outsourced. With the survey of 1978/79, the scope of the survey was expanded to cover a wider spectrum of socio-economic data to reflect the expansion of household economic activity parallel to the macroeconomic changes that took place in response to the introduction of the 1977 economic liberalisation policy package. Accordingly, the survey series was renamed as Consumer Finances and Socio-Economic Surveys (CFS). The field enumeration was extended to 12 months in order to capture seasonal variations in full and was conducted by permanent employees of the Central Bank of Sri Lanka. However, following the voluntary retirement scheme of the Central Bank at end 2001, field investigation was once again outsourced in the 2003/04 CFS.

The first three surveys, 1953, 1963 and 1973, were conducted at intervals of 10 years. The rapid economic and social transformation in the country with the introduction of the 1977 policy package, persuaded policy makers to conduct the CFS at shorter time intervals of once every 5 years. However, this plan could not be implemented consistently due to specific requirements and constraints during different periods. In fact, a survey was conducted within a shorter interval to assess the socio-economic development in Sri Lanka after the economic liberalisation of 1977. Later, owing to the security situation, the survey could not be conducted as planned in 1991/92. Consequently, the last four surveys were conducted at intervals ranging from 3 to 10 years.

The geographical coverage of the respective surveys varied. The first five surveys up to 1981/82 covered the entire country. Due to civil disturbances in the country, the next two surveys could not cover the eight districts of Jaffna, Mannar, Vavuniya, Mullaitivu, Killinochchi, Trincomalee, Batticaloa and Ampara in the Northern and Eastern provinces. However, the CFS 2003/04 was able to include most of these two provinces due to two key factors. First, the Census of Population and Housing (Census) 2001 conducted by the Department of Census and Statistics (DCS), after a lapse of 20 years since the previous Census of 1981, provided the required sampling frame and second, the ceasefire between the government and the LTTE since February 2002 provided the opportunity to conduct the survey in these two provinces. Only three districts of Killinochchi, Mannar and Mullaitivu in the Northern Province could not be included in this survey due to the non-availability of a sampling frame.

In previous surveys, a zonal structure of five homogeneous socio-economic zones was used for sample allocation and comparative analysis. This zonal structure was replaced by a provincial structure in the CFS 2003/2004.

Trends in Living Standards

The household surveys are the only source of data on the distribution of living standards in a country. The data gathered in these surveys provide information to study the trends in the living standards of the population in relation to key socio-economic characteristics such as household size, housing conditions, income, expenditure, labour force participation, employment and unemployment status of the household members, their level of education and health status.

Demographic Features

Over the past 40 year period, the average household size² had continuously declined from 5.75 in 1963 to 5.62 in 1973 to 5.10 in 1986/87 and 4.31 in 2003/04. This declining trend has been observed in all three sectors (urban, rural and estate) in the country. In general, the deceleration of population growth following the family planning programmes in the 1960s and the shift in social attitudes towards smaller families would have mainly contributed to the long term declining trend in the household size.

The gender composition, which is measured by the Male/Female sex ratio (number of males per 100 females) has shifted over the 40 years from 103/100 in 1963 to 91/100 in 2003/04. This was 113/100 in 1943 according to the Census of Population and Housing of DCS.

Table 17.2
Average Household Size and Gender Composition 1963 to 2003/04

	1963	1973	1978/79	1981/82	1986/87	1996/97	2003/04
Average Household Size							
Urban Sector	5.97	5.78	5.67	5.50	5.17	4.89	4.44
Rural Sector	5.70	5.63	5.49	5.20	5.09	4.56	4.28
Estate Sector	5.80	5.24	4.73	4.80	4.78	4.74	4.56
All Sectors	5.75	5.62	5.46	5.20	5.10	4.61	4.31
Sex Ratio(a)	103	101	96	96	94	94	91

Source: CFS 2003/04 - Part I

(a) Number of males per 100 females

The household population is gradually aging. The proportion of population aged 55 or over, the elderly population, has doubled from 7.2 in 1963 to 13.8 in 2003/04. Also, it had surpassed that of the 14-18 age group in 1996/97. The median age, the age at which 50 per cent of the population is older and 50 per cent younger, is another indicator of population aging. The median age has increased from 17 years in 1963, to 22 years in 1986/87, to 27 years in 1996/97, and to 28 years in 2003/04.

Housing Conditions and Amenities

The quality of building materials used for housing construction have noticeably improved shifting housing structures from “semi permanent” type to “more permanent” type. In 2003/04 bricks or cement blocks were used in wall construction in 76 per cent of houses while in 1953 wattle and

2 A household refers to either a person living together in a housing unit and sharing common cooking arrangements. Such persons are treated as the members of that household.

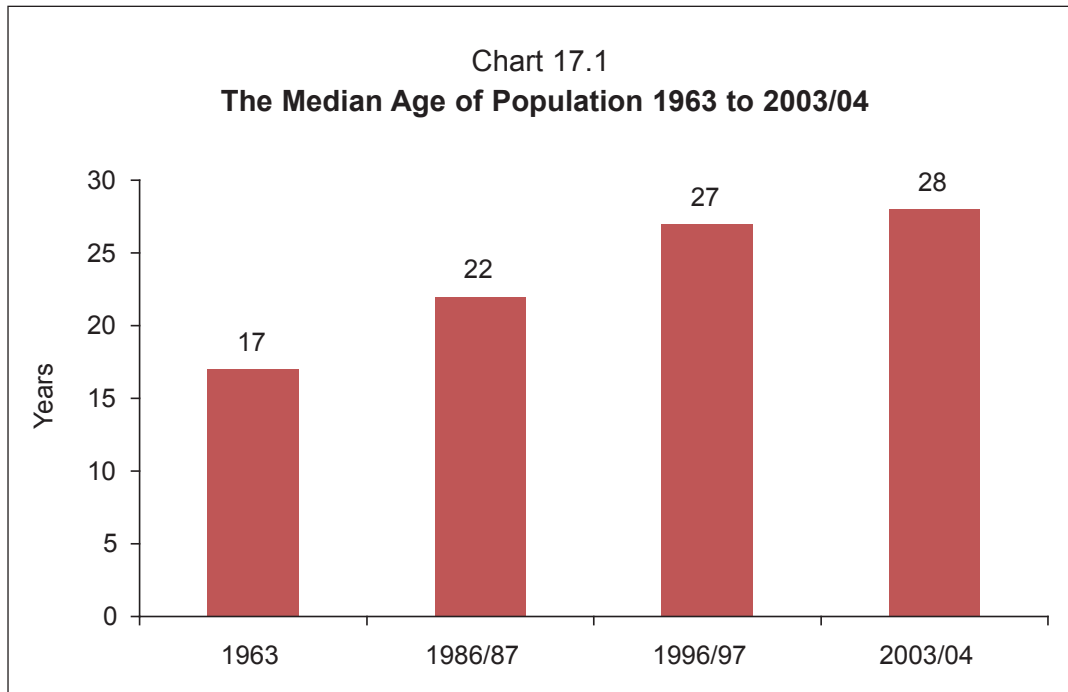
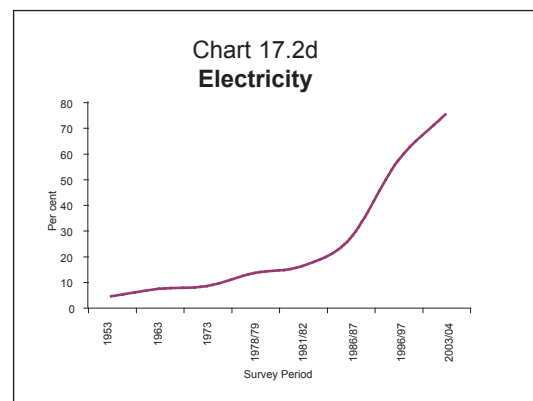
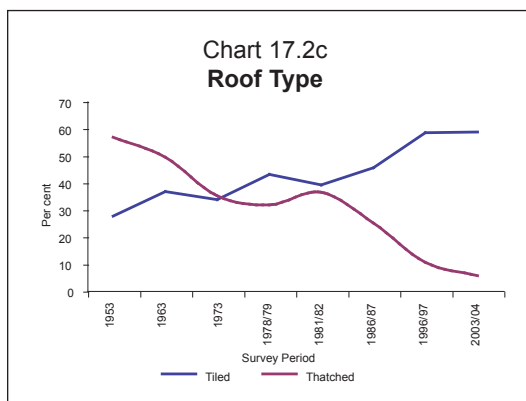
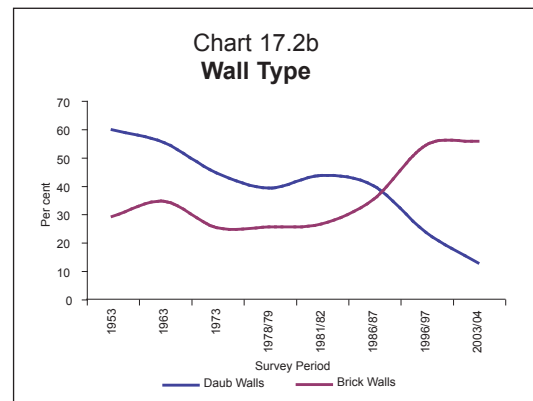
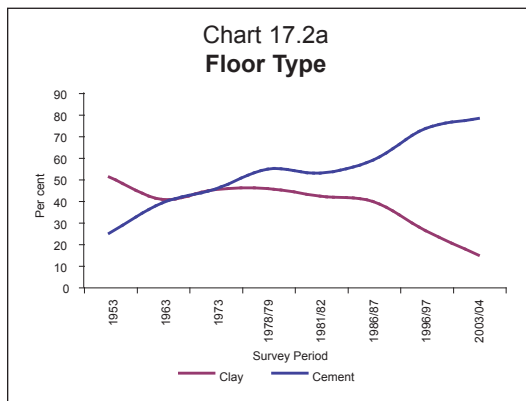


Chart 17.2
Types of Construction (as a percentage of households) 1953 – 2003/2004



daub were used in 60 per cent of the houses. In 2003/04 cemented floors were available in 78 per cent of houses while 51 per cent of houses in 1953 had clay floors. Also, 57 per cent of houses had thatched roofs in 1953. In 2003/04, however, tiles or asbestos roofing were available in 79 per cent of houses.

Availability of electricity has shown a spectacular improvement over the years with the increase in generating capacity and commissioning of a large number of rural electrification programmes. Consequently, households with access to electricity had increased from 4 per cent in 1953 to 75 per cent in 2003/04. A similar trend could be observed in all three sectors (urban, rural and estate) in the country.

The expansion in availability of electricity and the liberalisation of the economy led to a rapid growth in the possession of amenities and consumer durables in households. The proportion of households with a television increased from 4 per cent in 1981/82 to 71 per cent in 2003/04.

Table 17.3
Housing and Household Amenities (as a percentage of households)
1953-2003/04

Item	1953	1963	1973	1978/79	1981/82	1986/87	1996/97	2003/04
Housing Conditions								
Wattle & Daub Walls	59.5	54.9	44.2	38.9	43.4	39.7	23.3	12.5
Brick Walls	28.9	34.3	25.0	25.2	26.2	35.0	54.0	55.4
Clay Floors	50.7	40.3	44.9	45.4	41.9	39.3	25.9	14.5
Cement Floors	24.7	38.6	45.0	54.4	52.5	58.5	73.2	77.9
Thatched Roof	56.7	49.3	35.1	31.7	36.3	25.0	10.5	5.6
Tiled Roof	27.6	36.6	33.6	42.9	39.1	45.4	58.3	58.6
Availability of Electricity	4.1	7.0	8.0	13.1	15.8	26.5	56.8	74.9
Availability of Equipment								
Radio	n.a.	20.0	25.4	49.9	60.7	67.1	73.6	78.3
TV	n.a.	n.a.	n.a.	n.a.	3.8	19.6	50.6	70.8
Refrigerator	0.9	1.0	1.3	2.3	2.9	8.1	16.8	29.7
Washing Machine	n.a.	n.a.	n.a.	n.a.	n.a.	0.8	2.9	7.6
Sewing Machine	n.a.	22.0	26.2	31.3	30.7	37.2	41.5	43.6
Bicycle	n.a.	n.a.	n.a.	21.5	31.5	34.0	40.5	46.6
Personal Computer	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	0.4	4.1
Motor Bicycle	n.a.	n.a.	n.a.	0.9	2.4	5.3	12.0	16.3
Motor Car	n.a.	n.a.	n.a.	1.9	2.3	3.0	3.4	5.8

n.a – not available

Source: CFS 2003/04 - Part I

Refrigerators were available in 30 per cent of the households, and 8 per cent of the households had washing machines in 2003/04. The personal computer is a recent addition to Sri Lankan households. Between 1996/97 and 2003/04, the percentage of households with a personal computer had shown a tenfold increase from 0.4 per cent to 4 per cent.

Between 1978/79 and 2003/04 the availability of bicycles grew from 22 per cent to 47 per cent, while the availability of motor cycles increased more spectacularly by sixteen fold from 1 per cent to 16.3 per cent. The availability of motor cars increased threefold. Radios and sewing machines are most common and longest serving consumer durables in households. In 2003/04, radios and sewing machines were available in 78 per cent and 44 per cent of the households, respectively, while in 1963 only 20 per cent and 22 per cent, respectively, of the households had enjoyed these facilities.

The health related indicators of the households have considerably improved. The percentage of households without latrine facilities have declined from 18.5 per cent in 1953 to 5.6 per cent in 2003/04, and the percentage of households with pipe borne water has increased from 11.3 per cent in 1953 to 38.9 per cent in 2003/04.

Education

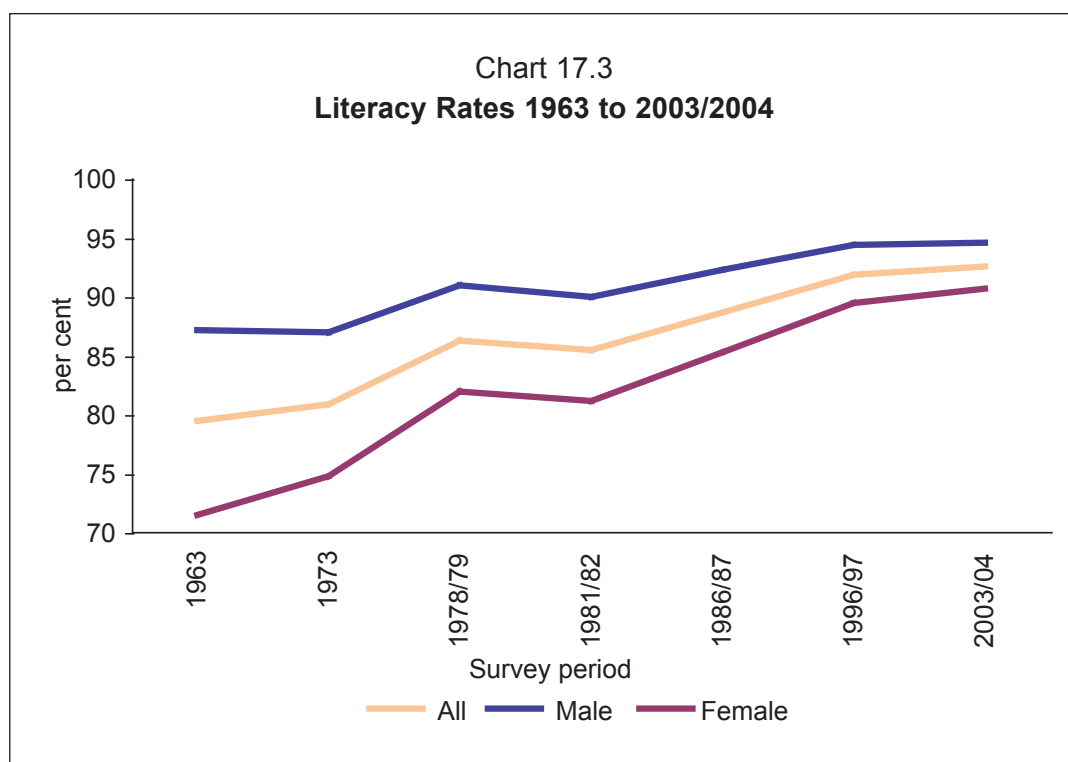
There has been a remarkable progress in literacy with overall literacy rate increasing from 79.4 per cent in 1963 to 85.4 per cent in 1981/82 and to 92.5 per cent in 2003/04. This has been observed for both males and females. From 1963 to 2003/04, literacy rates of males and females have increased by 8.5 per cent and 27 per cent, respectively, narrowing the literacy gap between males and females from 15.7 per cent in 1963 to 4 per cent in 2003/04.

Educational attainment of the population has significantly improved over time. In 2003/04, only 8 per cent of the population was without any education compared to 42 per cent in 1953. Also, the proportion of persons with only primary education had decreased significantly from 47 per cent in 1953 to 35 per cent in 1996/97 and to 30 per cent in 2003/04, while those with secondary and post secondary education have noticeably increased from 12 per cent in 1953 to 61 per cent in 2003/04.

Table 17.4
Educational Attainment
(As a percentage of population aged 5 years and above)

Level of Education	1953	1963	1973	1978/79	1981/82	1986/87	1996/97	2003/04
No schooling	41.8	26.8	22.9	14.9	15.1	11.8	8.6	7.9
Primary	46.8	45.5	43.2	43.8	42.9	41.1	35.2	29.9
Secondary	9.8	22.7	27.3	29.8	29.2	35.5	35.5	41.0
Post secondary	1.8	5.0	6.6	11.5	12.8	20.7	20.7	21.2

Source: CFS 2003/04 - Part I

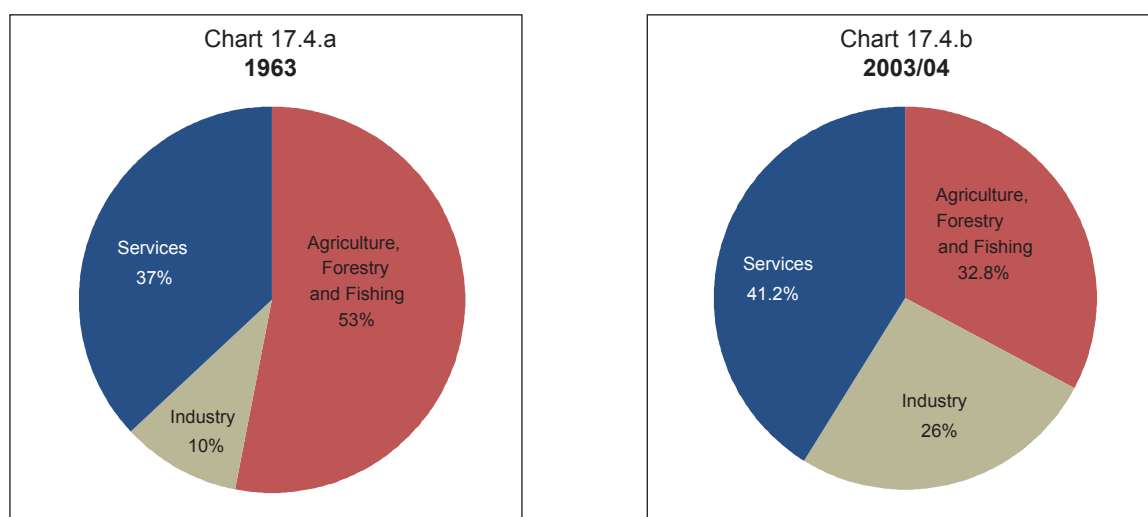


Labour Force, Employment and Unemployment

The Labour Force is the sum of all employed and unemployed persons. The Labour Force Participation Rate (LFPR), the ratio of the Labour Force to the total population, was not stable over the years and varied from 40 per cent in 1953, 31.7 per cent in 1963, 33.9 per cent in 1973, 38.0 per cent in 1978/79, 34.3 per cent in 1981/82, 39.7 in 1996/97 and 38.9 per cent in 2003/04. This may be partly due to slight differences in the definitions of both employment and unemployment and the different reference periods used in these various surveys. Similar trends could be observed in the LFPRs of both males and females. However, throughout the period, the male LFPR continued to remain around twice the female LFPR.

There has been a significant shift in the employment structure. The relative share of employment in the agriculture sector had declined from 53 per cent in 1963 to 33 per cent in 2003/04. The share of the manufacturing sector employment increased from 10 per cent in 1963 to 26 per cent in 2003/04 while that of services sector employment increased from 37 per cent in 1963 to 41 per cent in 2003/04. This is in line with the structural change observed in Gross Domestic Product (GDP) and also those noted in developed countries in the process of their development.

Chart 17.4
Employment Structure
1963 and 2003/2004



The unemployment rate had declined from 16.6 per cent in 1953 to 9 per cent in 2003/04. The highest unemployment rate of 24 per cent was recorded in 1973. Except in 1953, the unemployment rate among females was more than double that of males.

Table 17.5
Labour Force, Employment and Unemployment
1953 – 2003/2004

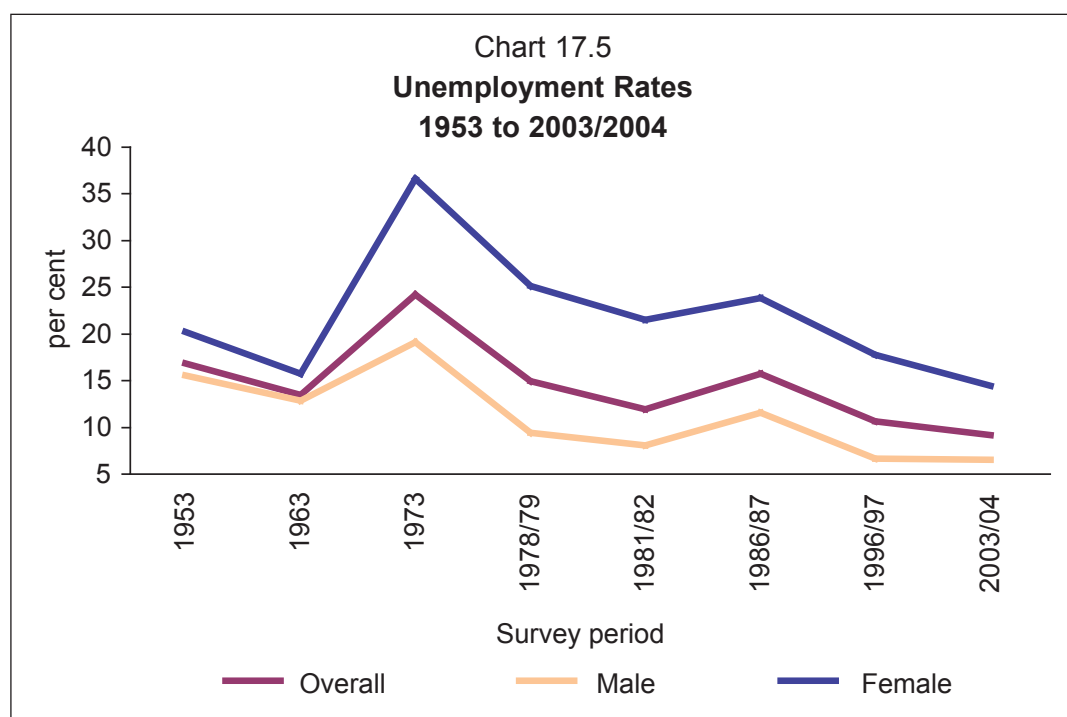
	1953	1963	1973	1978/79	1981/82	1986/87	1996/97	2003/04
Labour Force (a)	40.0	31.7	33.9	38.0	34.3	38.1	39.7	38.9
Male	56.0	n.a.	48.0	50.1	49.7	51.7	53.0	54.3
Female	22.9	n.a.	19.8	26.0	19.4	25.4	27.3	24.9
Employment (b)								
Agriculture, Forestry and Fishing	n.a.	53.0	54.5	48.3	51.2	47.7	37.7	32.8
Industry	n.a.	10.0	11.7	20.9	19.5	21.6	25.6	26.0
Services	n.a.	37.0	33.8	30.8	29.3	30.7	36.7	41.2
Unemployment rate (c)	16.6	13.6	24.0	14.7	11.7	15.5	10.4	8.9
Male	15.3	n.a.	18.9	9.2	7.8	11.3	6.4	6.3
Female	20.0	n.a.	36.4	24.9	21.3	23.6	17.5	14.2

(a) as a % of population

(b) as a % of employed by industrial sector

(c) as a % of labour force aged 14 and above

Source: CFS 2003/04 - Part I



In general, the unemployment rate is lowest among those with no schooling and with only primary level education, while the rate increases with the level of education. From 1953 to 2003/04, although the unemployment rate had fallen at every level of education, rate among the educated has remained comparatively high with double digits. This in turn, may imply the necessity for introducing appropriate reforms both to the educational system and to the labour market to ease the problem of educated unemployment in the country.

Income and Income Distribution

The monthly average income per spending unit³ and per income receivers⁴ stood at Rs. 15,400 and Rs. 10,754, respectively, in 2003/04 compared to Rs. 169 and Rs. 108, respectively, in 1953. When 2003/04 income is computed based on 1953 prices, a 2 per cent per year increase in real terms is registered for both groups.

3 A spending unit consists of one or more persons who are members of the same household, but who take independent decisions individually or with their own dependents in respect of spending their income.

4 A person who received an income from any source whatsoever during the six months immediately prior to the date of the first visit to a household. Different surveys, however, have specified different minimum income levels for the person to be qualified as the income receiver (IR) as follows:

CFS 2003/04 : One month income Rs. 250 or six months income Rs. 1500

CFS 1996/97 : One month income Rs. 125 or six months income Rs. 750

CFS 1986/87 : One month income Rs. 50 or six months income Rs. 300

CFS 1981/82 : One month income Rs. 30 or six months income Rs. 200

CFS 1978/79 : Six months income of Rs. 180

CFS 1973 : IR is defined without specific minimum income

CFS 1963 : IR is not defined

CFS 1953 : IR is not defined

In 1953, there was a considerable degree of inequality in the income distribution. The poorest 40 per cent of the spending units received only 14.5 per cent of the total income, whereas the richest 20 per cent received 53.8 per cent of the income. Consequently, 80 per cent of all spending units received 46.2 per cent of the total income. During the next three decades, income distribution improved in favour of the lower income spending units.

Table 17.6
Income Distribution
(Percentage of Income Received by Spending Units)

Income Group	1953	1963	1973	1978/79	1981/82	1986/87	1996/97	2003/04
Poorest 40%	14.5	14.65	19.29	16.64	15.25	14.14	15.73	14.10
Middle 40%	31.7	34.03	37.76	34.28	32.75	33.47	34.89	34.10
Richest 20%	53.8	52.31	42.95	49.08	52.00	52.39	49.38	51.70
Gini Ratio	0.46	0.45	0.35	0.43	0.45	0.46	0.43	0.46

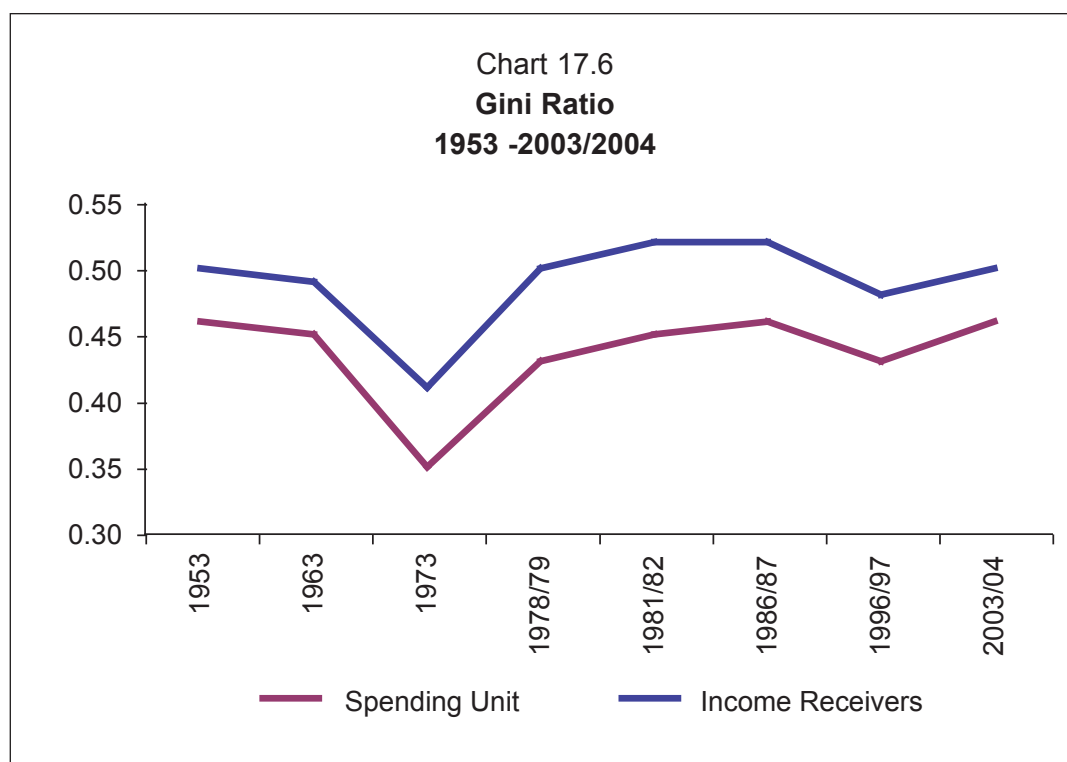
Source: (i) Economic Progress of Independent Sri Lanka
(ii) CFS 2003/04 – Part I

By 1973, the share of total income received by the poorest 40 per cent of spending units increased to 19.3 per cent and that of the richest 20 per cent had declined to 43 per cent. The Gini Ratio, which indicates the overall income distribution position, improved from 0.46 in 1953 to 0.35 in 1973.

During the post 1977 period, the economic liberalisation policies generated a wide range of new economic activities, resulting in an accumulation of profits in the upper income deciles in the early years of liberalisation. Consequently, the overall income distribution started to worsen in 1978/79 and continued until 1986/87. The share of income in the richest 20 per cent increased from 43 per cent in 1973 to 49 per cent in 1978/79, and further to 52.4 per cent in 1986/87. However, the share enjoyed by the poorest 40 per cent continuously decreased from 19.3 per cent in 1973 to 16.6 per cent in 1978/79 and to 14.1 per cent in 1986/87.

The trend of worsening income inequality reversed somewhat during 1990s, redistributing the overall income towards the middle and the poor income groups. The income share of the middle income group, increased from 33.5 in 1986/87 to 34.9 per cent in 1996/97 while that of poorest group, income share increased from 14.1 per cent to 15.7 per cent. During this period, the share of the richest 20 per cent declined from 52.4 per cent to 49.4 per cent.

However, from 1996/97 to 2003/04 the income distribution worsened again skewing towards the richest. The overall Gini Ratio increased from 0.43 in 1996/97 to 0.46 in 2003/04. The income share of the poorest 40 per cent decreased from 15.7 per cent in 1996/97 to 14.1 per cent in 2003/04 while that of the richest 20 per cent income increased from 49.4 per cent to 51.7 per cent during this period.



Consumption Expenditure

With the increase in income levels, the composition of the household expenditure pattern significantly changed. The expenditure share of consumption has shifted from food to housing, communication, consumer durables and medical services. The food share has declined from 60 per cent in 1953 to 38 per cent in 2003/04. During the period, the share of housing increased from 3.6 per cent to 10.7 per cent, communication from 2.6 per cent to 8.8 per cent, consumer durables from 3.2 per cent to 8.9 per cent and medical services from 1.3 per cent to 3.4 per cent, respectively.

Consumption of key food items had not changed dramatically. Per capita consumption of rice and coconut had remained the same, while that of wheat flour, bread and sugar had declined. From 1996/97 to 2003/04 per capita consumption of wheat flour, bread and sugar declined by 6.1 per cent, 34 per cent, and 2.7 per cent, respectively.

Table 17.7
Expenditure Shares 1953 to 2003/04

	1953	1963	1973	1978/79	1981/82	1986/87	1996/97	2003/04
Expenditure								
Rs. Per month								
Per Spending Unit	162	191	310	877	1,570	2,175	8,592	15,278
Per Person	34	36	58	179	318	534	2,012	3,936
Expenditure Shares, %								
Food	59.9	56.3	55.4	56.7	56.5	52.2	48.4	37.9
Clothing and Apparel	7.9	9.6	7.6	10.6	7.7	7.6	6.3	8.3
Housing	3.6	7.3	6.8	5.8	5.9	7.8	10.8	10.7
Medical	1.3	2.8	1.6	1.7	1.6	2.2	2.4	3.4
Education	2.0	1.8	2.2	1.6	1.6	2.1	2.3	3.0
Transport and Communication	2.6	2.3	3.4	4.5	3.9	4.9	5.3	8.8
Fuel and Light	2.0	4.4	4.2	3.9	5.2	4.6	3.9	4.4
Consumer Durables	3.2	0.4	6.0	4.6	6.4	5.2	6.7	8.9
Interest on Debt	0.7	0.8	0.1	0.4	0.5	0.9	2.1	1.5
Other	16.8	14.3	12.7	10.2	10.7	12.5	11.8	13.1

Source: CFS 2003/04-Part I

Conclusion

The Consumer Finances Survey series confirm that the living standard of the household sector in the country has significantly improved during the fifty year period from 1953 to 2003. The findings of the surveys also revealed that aging population, rising income inequality, relatively low female labour force participation and their high unemployment rate were some of the key issues faced by the sector during the period.