

Ministry of Finance and Economic Development

STATISTICS MAURITIUS

HOUSEHOLD BUDGET SURVEY 2017

Republic of Mauritius

ANALYTICAL REPORT

March 2019

FOREWORD

Statistics Mauritius conducted its tenth Household Budget Survey (HBS) from January to December 2017 in the islands of Mauritius and Rodrigues. The first Household Budget Survey was undertaken in 1961/62. The second was carried out in 1975. Since then, the survey was conducted once every five years.

The main purpose of the HBS is to collect data on the consumption expenditure of private households to determine the weights of goods and services for the computation of the Consumer Price Index (CPI). The survey also provides data on the distribution of household income and expenditure, and constitutes a reliable source of information for estimates of consumption expenditure of private households in the system of National Accounts, and for poverty analysis and other analytical and research work.

A first report, entitled “Household Budget Survey 2017 and the Updated Consumer Price Index: Methodological Report”, covering the methodology of the survey and the updated Consumer Price Index was published in August 2018.

This report presents the results of the analysis of the survey data in terms of household characteristics, income and expenditure. It also highlights the changes with the results of the previous Household Budget Survey conducted in 2012. It is hoped that the report will be of assistance to planners, policy makers, research workers and the public in general.

I would like to thank all participating households whose co-operation was vital to the success of the survey. My thanks also go to the various organisations, the field staff as well as the office staff for their valuable contribution.

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Table of Contents

KEY FINDINGS	iii
1. INTRODUCTION	1
1.1 Objectives	1
1.2 Coverage	1
1.3 Concepts and definitions.....	1
1.4 Sampling design.....	1
1.5 Sampling Errors	2
1.6 Topics investigated at the survey	2
1.7 Survey methodology	2
2. HOUSEHOLD CHARACTERISTICS.....	3
2.1 Household size	3
2.2 Household type	4
2.3 Household tenure	5
2.4 Average number of persons per room.....	5
2.5 Household durable goods.....	6
2.6 Domestic Services.....	7
3. CHARACTERISTICS OF HOUSEHOLD MEMBERS	9
3.1 Age structure.....	9
3.2 Marital status.....	9
3.3 Activity status	10
3.4 Industry group.....	11
3.5 Occupation	12
4. HOUSEHOLD INCOME.....	13
4.1 Household gross income	14
4.2 Household disposable income.....	15
4.3 Household income distribution	16
4.4 Household income by region	20
4.5 Income by household size and type	21
5. HOUSEHOLD CONSUMPTION EXPENDITURE.....	23
5.1 Household monthly consumption expenditure.....	23
5.2 Households by consumption expenditure class.....	26
5.3 Households by monthly consumption expenditure and region	28
5.4 Monthly consumption expenditure by household size and type	31

6. INDEBTED HOUSEHOLDS	33
6.1 Level of indebtedness and debt items	33
6.2 Composition of household debt	35
6.3 Indebtedness across income groups	35
6.4 Share of total household debt.....	37
6.5 Debt repayment.....	37
6.6 Profile of indebted households.....	39
7. POINT OF PURCHASE	41
7.1 Point of purchase.....	41
7.1.1 Groceries and prepared food.....	41
7.1.2 Fresh vegetables and fruits	42
7.1.3 Meat and fish	42
7.1.4 Readymade Garments.....	43
7.2 Paid services.....	44
7.3 Purchase of groceries	45
8. Impact of introducing new weight on CPI	47
8.1 Weighting system for 2012 and 2017	47
8.2 The impact of the new weight on CPI and inflation rate	49
Appendix 1.....	51
Annex tables to text.....	51
Appendix 2.....	63
Concepts & Definitions.....	63

HOUSEHOLD BUDGET SURVEY 2017**KEY FINDINGS**Household and Members Characteristics

- a) The average household size decreased from 3.5 in 2012 to 3.4 members in 2017.
- b) Women headed households are on the increase, representing 22% of households in 2017 against 21% in 2012.
- c) Availability of living space and household durable goods has improved.
- d) Slightly more than half of the population aged 16 years and above had a job in 2017, and the tertiary sector employed about two third of them.

Household Income

- e) In 2017, the average household disposable income stood at Rs 36,803 per month, 10.4% higher than in 2012 after adjusting for price increases.
- f) The 20% of households at the upper end of income range shared 46.0% of total income while the 20% at the lower end had only 5.6% of the income.
- g) The income Gini coefficient decreased from 0.414 in 2012 to 0.400 in 2017, showing an improvement of income inequality.
- h) Income inequality is highest among households in the fifth income quintile, with a Gini coefficient of 0.216.
- i) Income from paid and self employment represented 80% of household income in 2017.
- j) Transfers made up 55.6% of the income for households in the lowest income quintile.

Household Consumption Expenditure

- k) Average monthly household consumption expenditure was Rs 25,348 in 2017, 5.4% higher than in 2012 after adjusting for price increases.
- l) In 2017, households, on average, spent 25% of their consumption expenditure on “Food & non-alcoholic beverages”, a declining share compared to 2012.
- m) The lowest income quintile spent 43% of their consumption expenditure on food against 19% for the highest income quintile.

Indebted Households

- n) Some 40% of households were indebted in 2017, of which more than half (57.1%) had a debt on housing. In 2012, there were 45% indebted households.
- o) An indebted household disbursed on average Rs 7,524 monthly on debt repayment in 2017, compared to Rs 6,830 in 2012.

Point of Purchase

- p) More households are leaving the neighbourhood shops to buy groceries from supermarkets and hypermarkets, 91% in 2017 against 82% in 2012.
- q) Though health service is free, 68% of households reported having recourse to paid health services in 2017, same as in 2012.

MAJOR COMPARISONS BETWEEN FIRST & FIFTH QUINTILES, HOUSEHOLD BUDGET SURVEY 2017

				First Quintile	Fifth Quintile
HOUSEHOLD CHARACTERISTICS					
Household size	...	...	...	2.3	4.1
House ownership (%)	...	...	...	76.0	91.4
Free Accommodation (%)	...	...	...	16.7	4.8
HOUSEHOLD INCOME AND EXPENDITURE					
No. of income earners per household	...	...	...	1.3	2.7
Monthly gross income (Rs)	...	...	...	10,333	90,019
<i>Share of wages and salaries</i>	...	...	...	32.1	76.9
<i>Share of transfer income (%)</i>	...	...	...	55.5	12.9
Monthly disposable income (Rs)	...	...	...	10,288	84,691
Gini Coefficient	...	...	...	0.171	0.216
Monthly consumption expenditure (Rs)	...	...	...	9,755	51,018
<i>Share of food (%)</i>	...	...	...	42.9	19.5
<i>Share of transport</i>	...	...	...	6.2	24.0
<i>Share of education (%)</i>	...	...	...	1.4	8.3
HOUSEHOLD INDEBTEDNESS					
Household indebted (%)	...	...	...	15.7	63.1
Monthly debt repayment	...	...	...	1,788	14,074
<i>House (%)</i>	...	...	...	49.3	61.5
<i>Motor vehicle</i>	...	...	...	2.3	21.7
<i>Household Durable (%)</i>	...	...	...	37.9	5.1
<i>Education (%)</i>	...	...	...	0.2	8.0
<i>Other (%)</i>	...	...	...	10.3	3.7
Debt repayment as a percentage of disposable income (%)	...	...	...	16.3	16.6

1. INTRODUCTION

Statistics Mauritius conducted its tenth Household Budget Survey (HBS) from January to December 2017. The survey was conducted among a sample of 7,000 private households, representative of all households in the Republic of Mauritius.

1.1 Objectives

The main objectives of the HBS are to:

- a) Obtain up to date information on the consumption pattern of the Mauritian population mainly with a view to update the basket of goods and services used for the computation of the monthly Consumer Price Index (CPI);
- b) Derive the weight (relative importance) of each item in the CPI basket;
- c) Provide data on the distribution of household income and expenditure;
- d) Supplement the data used in the household accounts for National Accounting purposes;
- e) Provide information for the nutritional analysis of food consumption; and
- f) Provide information for poverty analysis.

1.2 Coverage

The HBS 2017 covered all private non-institutional households in the Republic of Mauritius, including non-resident households. Institutional households such as hotels, hospitals, boarding houses and prisons were excluded. Collective quarters (dortoirs) with foreign employees were also excluded. However, for the purpose of analysis in this report, only Mauritian households are considered.

1.3 Concepts and definitions

The concepts and definitions used in the 2017 HBS are according to the recommendations of the International Labour Organisation (ILO).

1.4 Sampling design

A sample of 7,000 households, out of an estimated total of 381,500, was selected for the HBS 2017. The national sample comprised 2 separate samples, one of 6,520 households (out of 368,400) for the Island of Mauritius and another of 480 households (out of 13,100) for the Island of Rodrigues.

The sampling fraction for the Island of Rodrigues was higher than that for Island of Mauritius to collect adequate amount of data for the analysis of the estimates.

Furthermore, to cater for better poverty analysis for Island of Mauritius, most of the regions with lowest relative development index (RDI) have been sampled. (The RDI is a composite index that measures the relative development of region). The number of households surveyed in these low RDI regions were 384, while for the other regions 6,136 households were contacted.

It is to be noted that oversampling of low RDI did not affect the overall results of the survey, as it has been accommodated through the weight done at the level of Primary Sampling Units (PSU).

It is worth to be noted that sampling was done through a 2-stage design with probability proportional to size. At the first stage, PSU's were selected with probability proportional to size, which was followed by selection of households within the selected PSU's.

The HBS 2017 spanned over 12 months to account for seasonal fluctuations in consumption.

Around 28% of the 7,000 households in the initial sample had to be replaced.

1.5 Sampling Errors

The HBS 2017 estimates are based on a sample of observations. Hence, they are subject to sampling errors; that is estimates could differ from the figures that would have been produced if information had been collected from all households in the country.

1.6 Topics investigated at the survey

During the survey, information was collected on:

- a) Demographic characteristics of household members;
- b) Characteristics of dwellings and availability of household durable goods;
- c) Household income;
- d) Household expenditure;
- e) Household indebtedness; and
- f) Household points of purchase of goods and services.

The survey questionnaires can be accessed at:

<http://statsmauritius.govmu.org/English/CensusandSurveys/Pages/Household-Budget-Survey.aspx>

1.7 Survey methodology

The "Household Budget Survey 2017 and the Updated Consumer Price Index: Methodological Report" is accessible at: ' [HBS 2017 Methodological Report and updated CPI](#) '

2. HOUSEHOLD CHARACTERISTICS

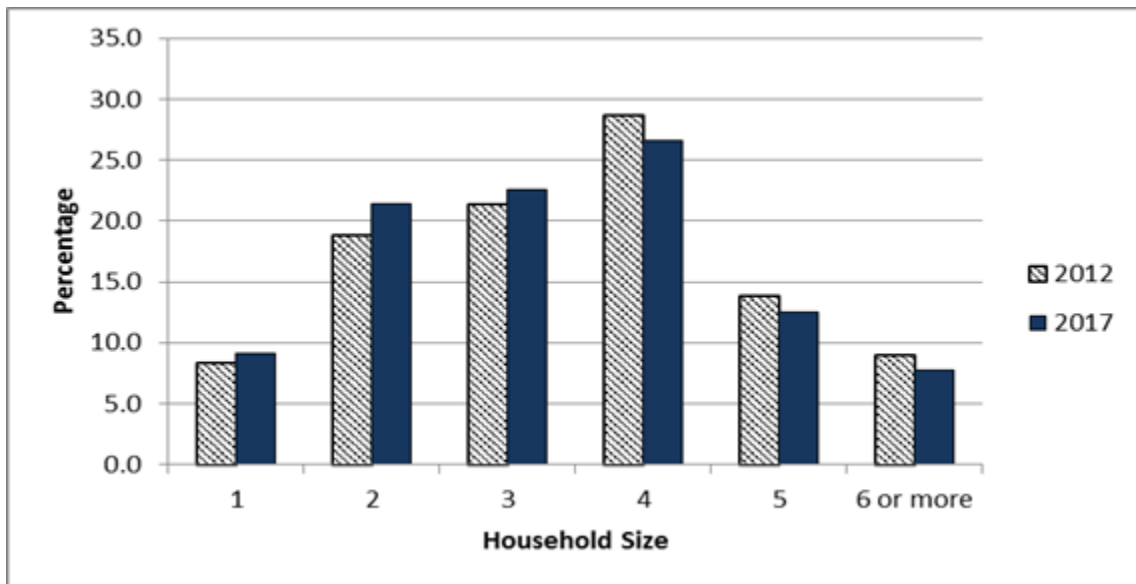
The HBS 2017 covered 7,000 households comprising some 23,800 members.

2.1 Household size

Household size continues to decline

The decreasing trend in the household size has continued during the period 2012 to 2017 from 3.5 to 3.4. The share of households with four or more members decreased from 51.5% in 2012 to 46.9% in 2017 while that with three or fewer members increased from 48.5% to 53.1% during the same period.

Figure 2.1 –Distribution (%) of households by household size¹, 2012 and 2017 HBS



Women headed households are on a slight rise

Women headed 22% of all households in 2017 compared to some 21% in 2012. Female heads were predominant among one member households while their counterparts tend to head larger households.

¹ It is the number of persons living in the household irrespective of age and relationship to the head.

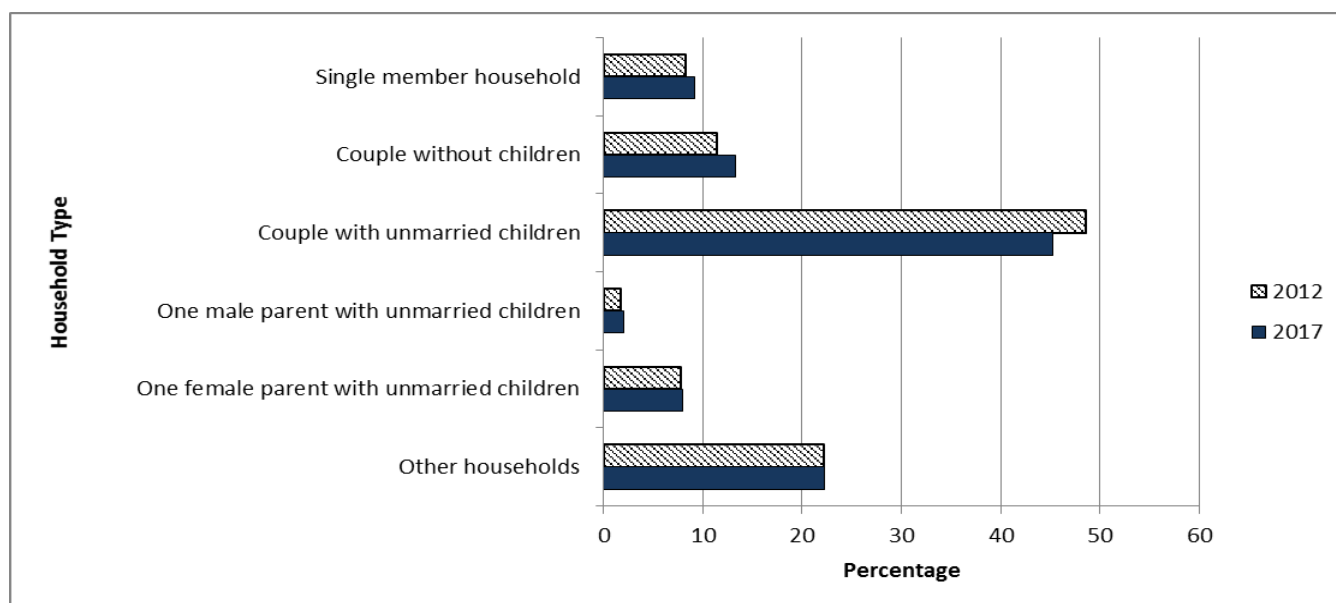
Table 2.1 – Distribution (%) of households by size and sex of head, 2012 and 2017 HBS

Household Size	2012			2017		
	Male-headed household	Female-headed household	Total	Male-headed household	Female-headed household	Total
1	3.0	5.3	8.3	3.3	5.8	9.1
2	13.1	5.7	18.8	15.3	6.1	21.4
3	17.0	4.3	21.3	18.4	4.2	22.6
4	25.8	2.9	28.7	23.8	2.8	26.6
5	12.4	1.5	13.9	11.0	1.5	12.5
6 or more	7.4	1.6	9.0	6.2	1.6	7.8
total	78.7	21.3	100.0	78.0	22.0	100.0

2.2 Household type

Couple with unmarried children is the most common type of household but is on the decline

In 2017, households comprising “Couple with unmarried children” accounted for almost half of all households. However, the proportion of such households declined from 48.6% in 2012 to 45.3% in 2017. On the other hand, “Couple without children” rose from 11.4% to 13.3%. Single member households as well as one parent households are also on the rise.

Figure 2.2 – Distribution (%) of households by household type², 2012 and 2017 HBS

² Households have been classified according to their composition with respect to members constituting the households.

2.3 Household tenure

Rented households are on the decline

In 2017, 6.0% of households rented their dwellings compared to 6.4% in 2012. While the majority of households (93.6%) owned their dwellings or are supplied free by parents or relatives, less than 1% was supplied free by employer.

Table 2.3 – Distribution (%) of households by tenure, 2012 and 2017 HBS

Type of tenure	Percentage of households	
	2012	2017
Owner occupied and supplied free by parents/relatives	92.7	93.6
Rented	6.4	6.0
Supplied free by employer	0.9	0.4
Total	100.0	100.0

Household ownership higher in rural regions

Ownership of dwellings or housing supplied free by parents and relatives were more prominent in rural regions (96.3%) than in urban regions (89.9%). In contrast, 9.9% of households in urban regions lived in rented dwellings compared to 3.1% for their counterparts in rural regions (**Table A2.3**).

2.4 Average number of persons per room

Availability of living space has improved

The percentage of households with less than one person per room increased from 75.2% in 2012 to 79.8% in 2017, while that for households with two or more persons per room declined from 1.9% to 1.4%. The availability of living space thus improved from 0.73 person per room in 2012 to 0.68 person in 2017.

Availability of living space improved for both urban and rural households. However, the living space available in rural households remained higher at 0.69 person per room compared to urban households with 0.66 person per room.

Table 2.4 – Distribution (%) of households by average number of persons per room, 2012 and 2017 HBS

Number of persons per room	Urban		Rural		Total	
	2012	2017	2012	2017	2012	2017
less than 1	76.5	81.2	74.3	78.7	75.2	79.8
1 or more but less than 2	21.9	17.8	23.6	19.6	22.9	18.8
2 or more but less than 3	1.3	0.7	1.6	1.4	1.5	1.1
3 or more	0.3	0.3	0.5	0.3	0.4	0.3
All households	100.0	100.0	100.0	100.0	100.0	100.0
Average number of persons per room	0.70	0.66	0.74	0.69	0.73	0.68

2.5 Household durable goods

Availability of household durable goods has improved

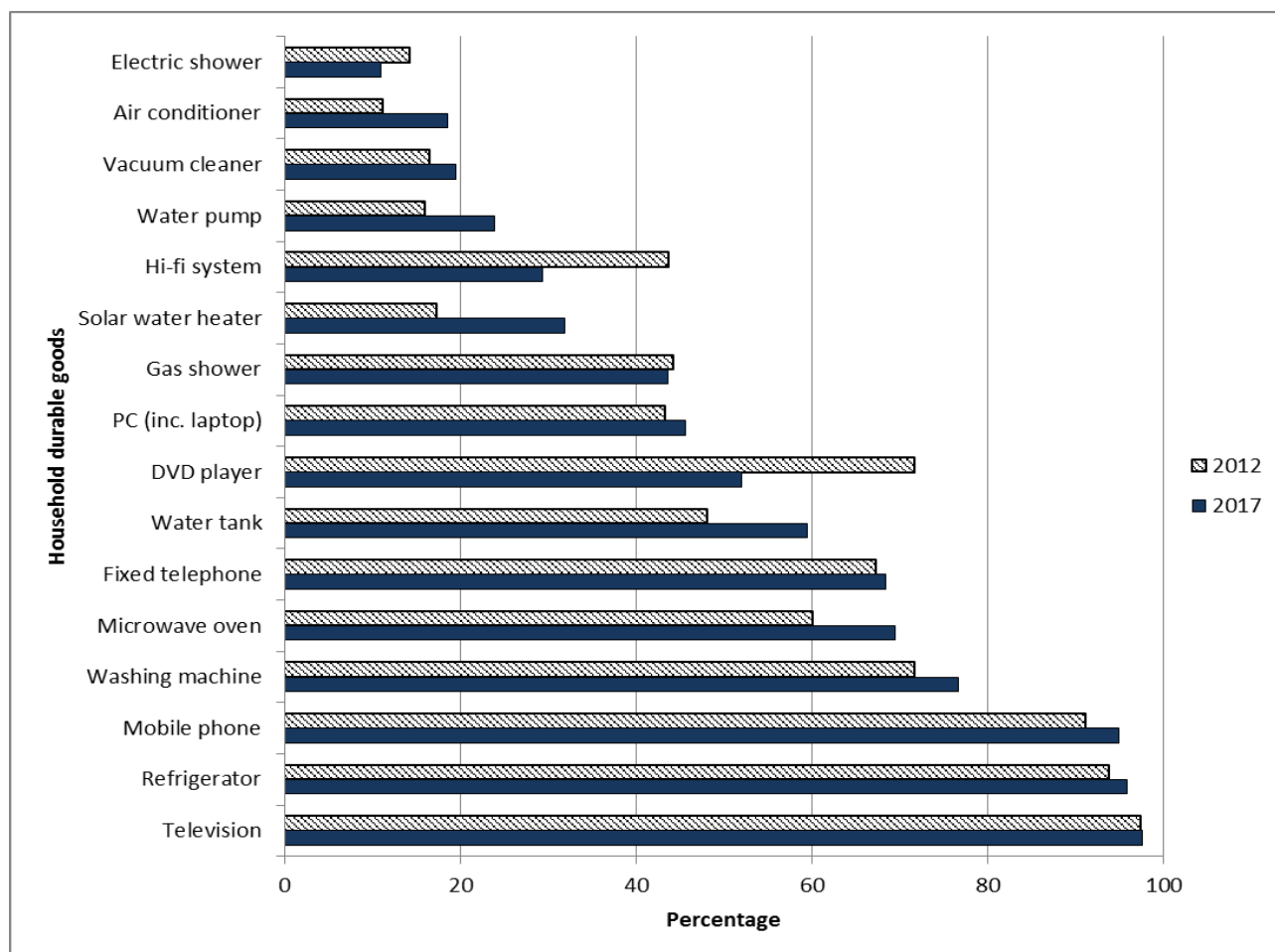
The proportions of households with appliances such as refrigerator, washing machine, microwave oven, vacuum cleaner and air conditioner increased during the five-year period.

Mobile phones have become more popular during recent years. In 2017, 94.9% of households had at least one household member who possessed a mobile phone compared to 91.1% in 2012. On the other hand, the proportion of households in possession of a fixed telephone was 68.4% in 2017 compared to 67.2% in 2012.

In 2017, around 45.6% of households indicated having a personal computer/laptop compared to around 43.2% five years earlier.

More households are equipped with a solar water heater, 31.9% in 2017 against 17.3% in 2012. The share of households with gas shower declined from 44.2% to 43.6% during the same period. The same trend was observed for electric shower with a share of 14.2% in 2012 to 11.0% in 2017.

The proportions of households equipped with water tanks (from 48.0% to 59.5%) and water pumps (from 15.9% to 28.8%) were on the rise during the period under review.

Figure 2.5 – Distribution (%) of households with selected durable goods, 2012 and 2017 HBS

2.6 Domestic Services

One out of every ten households has recourse to domestic services

Around 9.4% of households reported employing domestic workers either full time or part time. The most common employee was domestic servant, employed by 7.5% of all households, followed by gardener (2.4%). Some 0.6% of households employed a babysitter and a same proportion of households had recourse to carer services.

3. CHARACTERISTICS OF HOUSEHOLD MEMBERS

3.1 Age structure

The population is ageing

Comparing 2012 and 2017 HBS data by age reveals a decline in the share of the child population aged less than 15 years and a rise in the share of the elderly population aged 60 years and above. This change in age structure of the population reveals an ageing population.

Table 3.1 – Distribution (%) of the population by age group and sex, 2012 and 2017 HBS

Age group	2012			2017		
	Male	Female	Total	Male	Female	Total
Less than 15 years	20.9	19.5	20.2	18.6	17.2	17.9
15 to 59 years	66.8	65.7	66.2	65.2	63.9	64.5
60 years and above	12.3	14.8	13.6	16.2	18.9	17.6
Total	100.0	100.0	100.0	100.0	100.0	100.0

3.2 Marital status

A decreasing share of single persons in the population

The proportion of single persons decreased from 43.2% in 2012 to 42.0% in 2017, explained by the lower share of the young age group in the population. During the same period, the percentage of widowed increased from 6.7% to 7.2%, again explained by the change in the age structure of the population with an increasing number of elderly persons.

Marital breakdown still on the rise

In 2017, divorced and separated persons made up 3.9% of the population, against 3.1% in 2012. It is also noted that among women, 16.8% were widowed, divorced or separated compared to 5.2% among men indicating that women are less likely to remarry.

Table 3.2 – Distribution (%) of the population by marital status and sex, 2012 and 2017 HBS

Marital Status	2012			2017		
	Male	Female	Both Sexes	Male	Female	Both Sexes
Single	48.0	38.7	43.2	46.9	37.2	42.0
Married/In a union	48.1	46.0	47.0	47.9	46.0	46.9
Widowed	1.6	11.5	6.7	2.0	12.2	7.2
Divorced/separated	2.2	3.9	3.1	3.2	4.6	3.9
Total	100.0	100.0	100.0	100.0	100.0	100.0

3.3 Activity status

Slightly more than half of the population aged 16 years and above had a job

In 2017, 81% of the population were aged 16 years and over. Around 52% of them had a job, 4.5% were looking for work, 19.9% were homemakers, 8.3% were students, and 12.3% were retired.

Table 3.3 – Distribution (%) of population aged 16 years and above by activity status and sex, 2017 HBS

Activity Status	Male	Female	Both Sexes
Currently Active	72.8	41.8	56.8
With a job	67.9	37.7	52.3
Without a job	4.9	4.1	4.5
Currently inactive	27.2	58.2	43.2
Homemaker	0.6	38.1	19.9
Student	8.0	8.4	8.3
Disabled	2.6	1.6	2.1
Retired	15.1	9.7	12.3
Other	0.9	0.4	0.6
Total	100.0	100.0	100.0

Analysis by sex shows that the proportion of active (those with a job and those looking for work) was higher among men (72.8%) than among women (41.8%) while the proportion of inactive (homemakers, students, disabled and retired) was higher among women (58.2%) compared to the men (27.2%). Among inactive women, a high majority were homemakers as opposed to a negligible proportion among men.

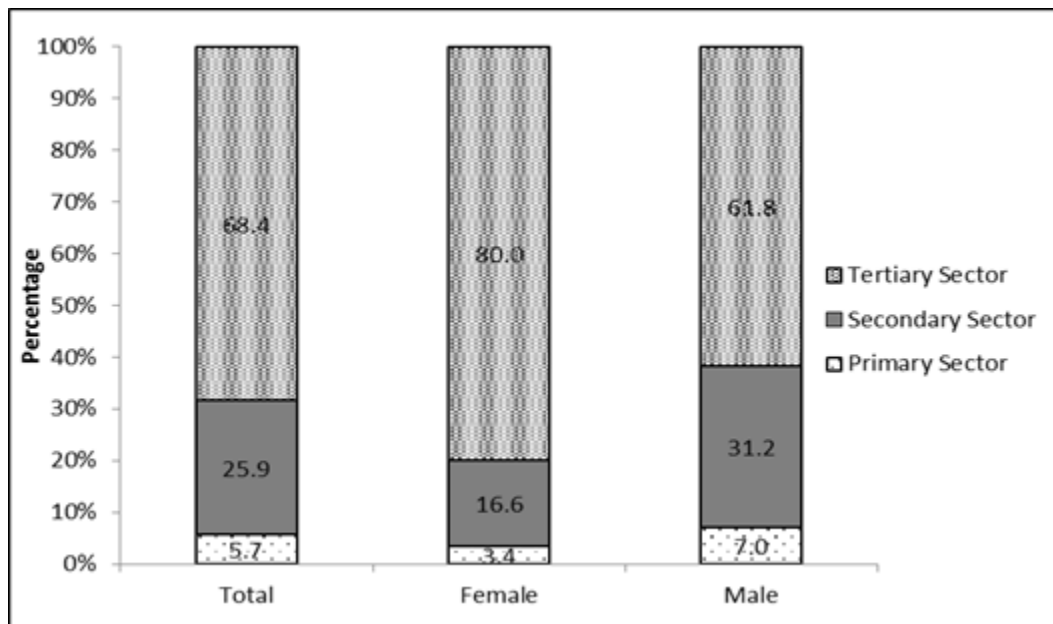
3.4 Industry group

Two out of three persons are employed in the tertiary sector

In 2017, the tertiary sector (covering trade, accommodation and food service activities, transportation and storage and all the other service industries) employed 68.4% of the employed person followed by the secondary sector (covering manufacturing, electricity, gas, steam and air conditioning supply and water supply, sewerage waste management and remediation activities and construction) with a share of 25.9%. The primary sector (covering agriculture, forestry and fishing and mining & quarrying) had an employment share of 5.7%.

The share of women employed in the tertiary sector stood at 80.0% compared to 61.8% for their male counterpart. However, the secondary sector which comprises the construction industry had a higher proportion of men (31.2%) than women (16.6%).

Figure 3.4 – Distribution (%) of working persons by sector and sex, 2017 HBS



In 2017, an employed person worked on average 40.3 hours per week.

The sectors with the highest weekly working hours were “Transportation and storage” (50.8 hours), “Information and communication” (44.6 hours), “Accommodation and food service activities” (44.3 hours) and “Administrative and support service activities” (44.3 hours). “Education” had the lowest average weekly hours of 28.0 (Table A3.4.2).

3.5 Occupation

One of five employment was in the “Craft and related trades” occupational group

In 2017, the occupational group “Craft and related trades” constituted the highest proportion of workers, 21.2% followed by “Service and sales workers”, 17.5% and “Elementary Occupations”, 16.6%. “Clerks” had the least proportion of employed person (4.9%).

Women are more likely to work in “Elementary Occupations” than men

Around 40% of employed women worked in “Elementary Occupations” compared to 13.4% for men. Another 22.5% and 7.2% of women worked as “Service and sales workers” and “Craft and related trades workers” respectively. Men worked mainly as “Craft and related trades workers” (23.0%) followed by “Service and sales workers” (16.8%).

Table 3.5 – Distribution (%) of working persons by major occupational group and sex, 2017 HBS

Major Occupational Group	Male	Female	Total
Legislators, Senior Officials and Managers	6.0	2.9	5.6
Professionals	6.9	7.1	6.9
Technicians and Associate Professionals	11.0	6.2	10.4
Clerks	4.9	5.1	4.9
Service Workers and Shop Sales Workers	16.8	22.5	17.5
Skilled Agricultural, Forestry and Fishery Workers	5.4	5.3	5.4
Craft and Related Trade Workers	23.0	7.2	21.2
Plant and Machine Operators and Assemblers	12.6	3.3	11.5
Elementary Occupations	13.4	40.4	16.6
All occupational groups	100.0	100.0	100.0

Persons employed as “Plant and machine operators and assemblers” work the most hours

The occupational group “Service and sales workers” had the highest average number of hours per week, 48.6 hours followed by “Plant and machine operators and assemblers”, 45.2 hours and “Legislators, senior officials and managers”, 43.7 hours. “Skilled agricultural, forestry and fishery workers” worked the least hours, 30.0 hours per week (**Table A3.5**).

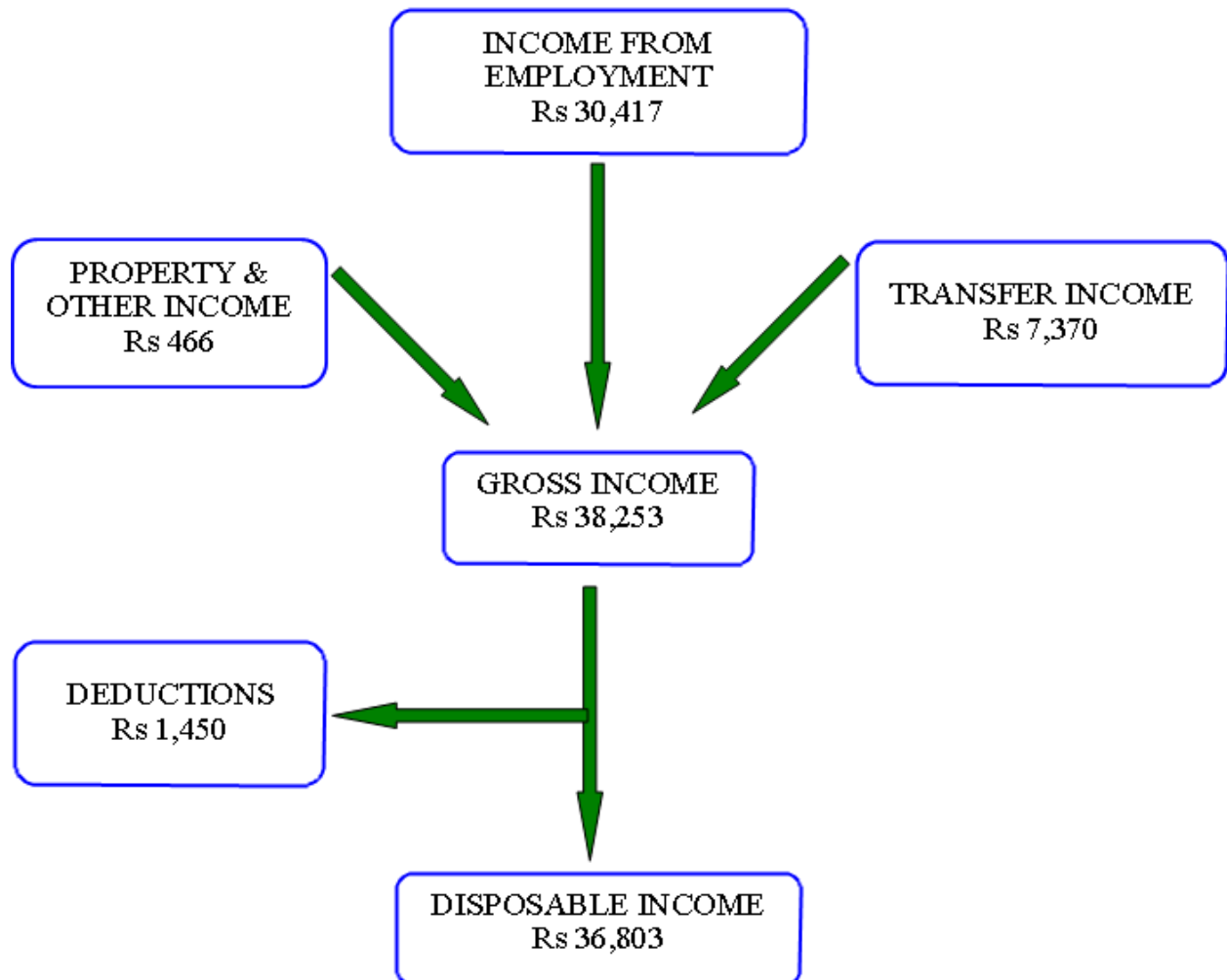
4. HOUSEHOLD INCOME

In addition to its main objective to obtain information on the expenditure of households, the 2017 HBS collects data on the income of households. The income data were used to assess the reliability of the household expenditure and to analyse the variations in levels of income over time and among households of different types.

The concepts and definitions of these various types of income are in accordance with the recommendations of International Labour Office (ILO) and are defined at **Annex 2**.

The chart presents an overview of the composition of household income.

Figure 4 - Sources of household income, 2017 HBS



4.1 Household gross income

Average household gross income stood at Rs 38,253 per month

In 2017, the average household gross income, comprising income from employment, property³, transfers⁴ and other sources⁵ before compulsory deductions and taxes, amounted to Rs 38,253, 25.5% higher than the figure of Rs 30,489 in 2012.

Income from employment represents around 80% of household gross income

Together, income from paid and self employment made up around 80% of household gross income in 2017. While transfer income represented some 19%, property income had a negligible share of household income.

During the past five years, transfer income increased by 74.9% and its share rose to 19.3% in 2017 from 13.8% in 2012. This increase impacted on the share of employment income which dropped to 67.6% in 2017 from 70.4% in 2012.

Table 4.1 – Average monthly household gross income by source of income, 2012 and 2017 HBS

Sources of income	Average monthly gross income (Rs)				
	2012	%	2017	%	% change
Wages and salaries	21,454	70.4	25,848	67.6	20.5
Entrepreneurial	4,355	14.3	4,569	11.9	4.9
Property	440	1.4	460	1.2	4.5
Transfer	4,215	13.8	7,370	19.3	74.9
Other income	25	0.1	6	0.0	-76.0
Average monthly household gross income	30,489	100.0	38,253	100.0	25.5

Transfers main source of income for households in the lowest income quintiles⁶

Around 56% of the average household gross income in the lowest quintile was made up of transfers. This indicates that these households were highly dependent on non-employment income. Paid

³ Property income relates to net receipts derived from ownership of assets and includes interests, dividends as well as rent of buildings, land, machinery and equipment.

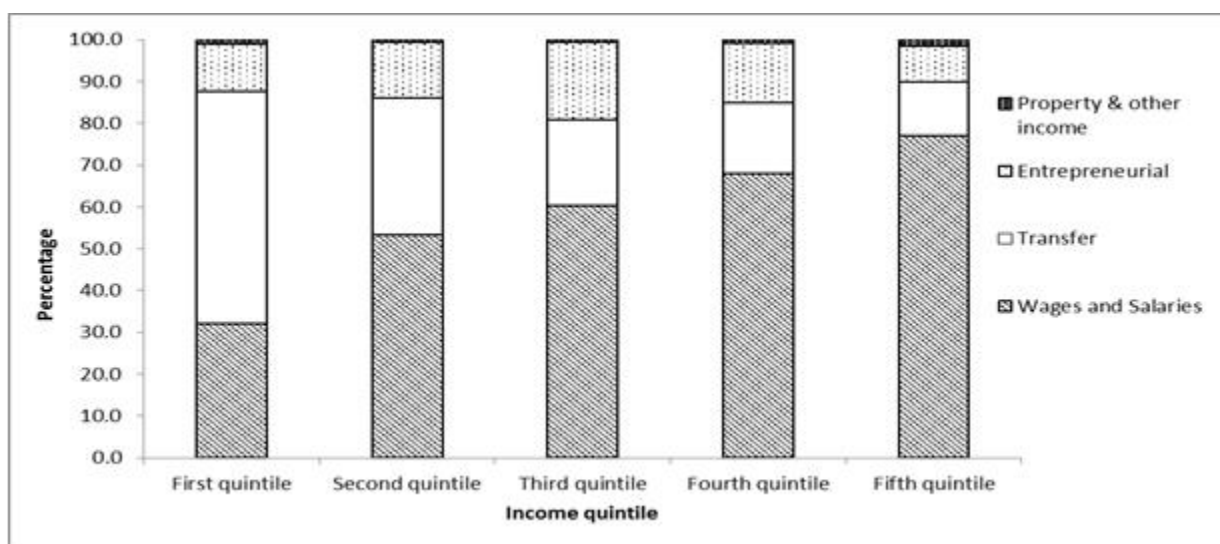
⁴ Transfer income consists of pensions and allowances from government and private organisations as well as inter household transfers.

⁵ Other income is mainly the value of goods produced by households for their own consumption.

⁶ Households are ranked according to their disposable income from lowest to highest and were divided into 5 equal classes.

employment was the major source of income for all other quintiles, ranging from 53% for the second quintile to 77% for the fifth quintile. The share of income from self employment was highest (19%) among the third quintile.

Figure 4.1 – Distribution (%) of monthly household gross income by source of income and income quintile, 2017 HBS



4.2 Household disposable income

Average household disposable income⁷ stood at Rs 36,803 per month

In 2017, the average monthly household disposable income stood at Rs 36,803 compared to Rs 29,421 five years earlier.

Table 4.2 – Measures of monthly household income, 2012 and 2017 HBS

Sources of income	Average monthly income (Rs)	
	2012	2017
Average monthly household gross income	30,489	38,253
Deductions	1,068	1,450
Average monthly household disposable income	29,421	36,803
Other receipts ⁸	2,460	2,249
Average monthly household receipts	31,881	39,051

⁷ The household disposable income is defined as the gross household income less compulsory deductions such as income tax (PAYE) and contributions to pensions and social security schemes.

⁸ Non-regular receipts such as withdrawals from savings, loans obtained repayments of loans by other household, etc.

During the five year period, the amount of compulsory deductions increased by 35.8% to reach Rs 1,450 in 2017; it constituted 3.8% of gross income in 2017 compared to 3.5% in 2012. The per capita disposable income, at Rs 11,751 in 2017, increased by a larger percentage (29%) than household income, explained by the decline in household size from 3.5 in 2012 to 3.4 in 2017.

Household disposable income increased by 13.6% in real terms

From 2012 to 2017, the price of goods and services, as measured by the Consumer Price Index (CPI), increased by 13.3% and the average household size decreased by 2.9% from 3.5 to 3.4 persons. After adjusting for smaller household size and price increases, the real increase in the household disposable income works out to 13.6%.

In 2017, there were 2.0 income earners for an average household of size 3.4 same as in 2012 but for a household size 3.5. Thus, there was an increase of 2.9% in the average number of income earners per household after adjusting for smaller household size.

Non-regular household receipts, such as money from sale of property, withdrawals from savings, cash gifts, etc, accruing to households amounted to Rs 2,249 monthly in 2017, compared to Rs 2,460 in 2012.

4.3 Household income distribution

Households have shifted towards higher income groups

The rise observed in the average household disposable income is explained by the shift of households towards higher income groups. The proportion of household having income less than Rs 10,000 decreased from 14.4% in 2012 to 8.4% in 2017. During the same period, the share of households with a monthly income between Rs 20,000 and Rs 40,000 increased from 35.1% to 37.4%. The increase in the share of households with a monthly income above Rs 40,000 was even higher, from 20.6% in 2012 to 31.1% in 2017.

Table 4.3.1 – Distribution (%) of households by income class, 2012 and 2017 HBS

Monthly Household Disposable Income (Rs)	Households (%)	
	2012 HBS	2017 HBS
Under 5,000	3.5	0.7
5,000 to < 10,000	10.9	7.7
10,000 to < 12,000	5.7	4.6
12,000 to < 14,000	6.1	4.5
14,000 to < 16,000	6.3	5.3
16,000 to < 18,000	5.9	4.2
18,000 to < 20,000	5.9	4.5
20,000 to < 25,000	13.4	11.4
25,000 to < 30,000	9.6	10.2
30,000 to < 35,000	7.1	8.9
35,000 to < 40,000	5.0	6.9
40,000 & above	20.6	31.1
Total	100.0	100.0

The 20% of households at the upper end of income range of households share nearly 50% of total income

Analysis of household income by quintiles revealed that the highest 20% of households shared 46.0% of the total income while those in the lowest 20% shared only 5.6% of the total income. This reflects income inequality among households.

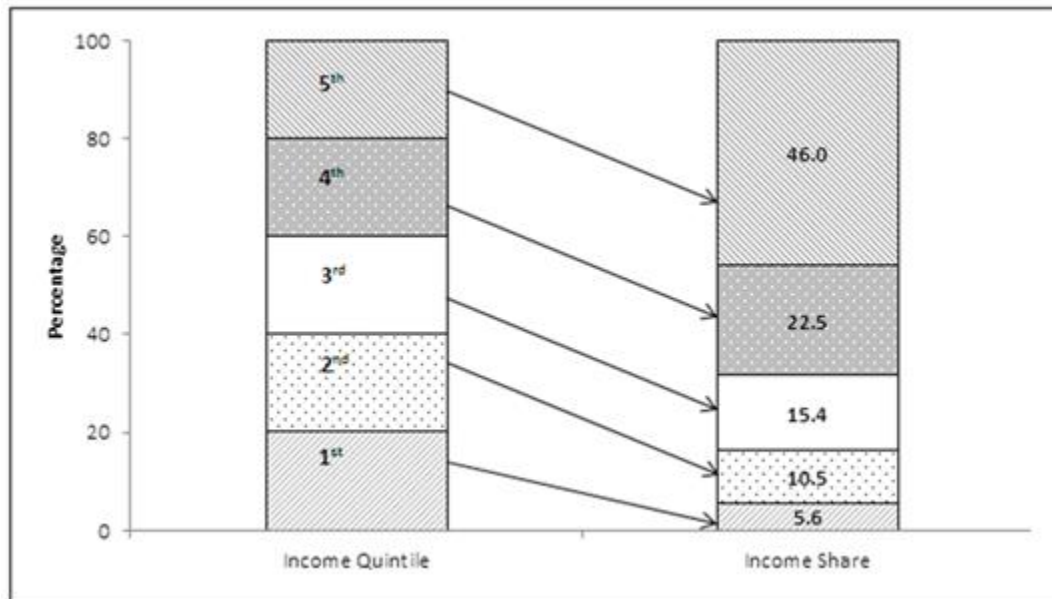
Figure 4.3.1 – Share of total income by quintiles (%), 2017 HBS

Table 4.3.2 – Share of total income (%), 2012 and 2017 HBS

	2012	2017
Percentage of total income going to:-		
Lowest 20% of households	5.3	5.6
Highest 20% of households	47.5	46.0
Ratio of highest 20% to lowest 20%	9.0	8.2

The share of total income going to the 20% of households at the lower end of the income range increased from 5.3% in 2012 to 5.6% in 2017. On the other hand, the share of the upper 20% of households decreased from 47.5% to 46.0%, displaying an improvement in income inequality.

Per capita income of households in the lower income groups registered larger increase

Between 2012 and 2017, average household disposable income among all income quintiles registered increases higher than 20%. However, average household income rose by 30.9% for the lowest quintile households, 9.9 percentage point higher than the increase of 21.0% for households in the fifth quintile.

After adjusting for different household size across the quintiles, the average per capita income for the first quintile rose by 35.2%, that is, 14.5 percentage points higher than the increase of 20.7% for households in the fifth quintile.

Table 4.3.3 – Average monthly household disposable income by quintile group of household income, 2012 and 2017 HBS

Income Quintile	Average monthly disposable income (Rs)		% change	Average monthly disposable income per capita (Rs)		% change
	2012	2017		2012	2017	
First Quintile	7,862	10,288	30.9	4,155	5,619	35.2
Second Quintile	15,196	19,357	27.4	5,327	7,515	41.1
Third Quintile	21,999	28,389	29.0	6,827	9,228	35.2
Fourth Quintile	32,144	41,499	29.1	9,271	12,366	33.4
Fifth Quintile	69,969	84,691	21.0	19,951	24,071	20.7
All quintiles	29,421	36,803	25.1	9,103	11,751	29.1
Ratio highest to lowest quintile	8.9	8.2		4.8	4.3	

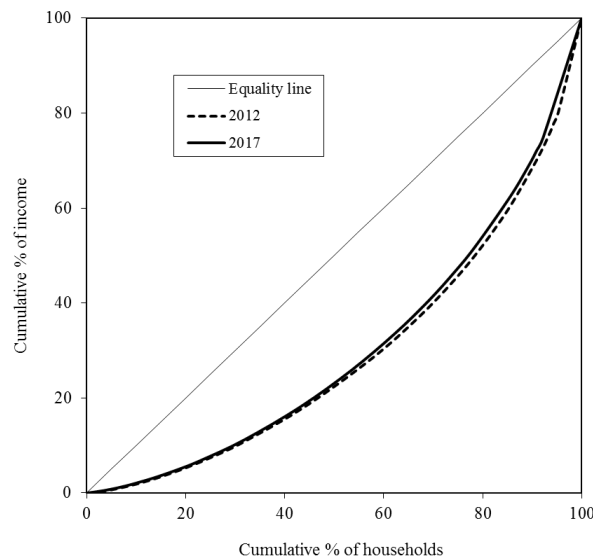
Gap between high-income and low-income households narrows slightly

The higher increase in the income of households in the first quintile compared to that of households in the fifth quintile resulted in a narrowing gap between low-income and high-income households. The ratio of the highest to the lowest household disposable income per capita decreased from 4.8 in 2012 to 4.3 in 2017.

Household income distribution has improved

The dispersion of the income distribution can be illustrated by a Lorenz curve, which shows the income share for any selected cumulative proportion of households. If all incomes were equally distributed, the plot would coincide with the diagonal line known as the line of equality. **Figure 4.3.2** shows that the Lorenz curve has moved nearer to the equality line in 2017 as compared to 2012, thus indicating an improvement in the income distribution.

Figure 4.3.2 – Lorenz curves, 2012 and 2017 HBS



The decrease in Gini coefficient confirms the improvement in income inequality

The degree of inequality in income can also be measured by the Gini coefficient that ranges between 0 (complete equality) and 1 (complete inequality). Data from past two surveys show that the Gini coefficient decreased from 0.414 in 2012 to 0.400 in 2017.

Income inequality is largest among the highest income households

The Gini coefficient is highest for the fifth income quintile, at 0.216, showing largest income inequality among the households. Income inequality is low in the second, third and fourth quintiles with Gini coefficient less than 0.1. From 2012 to 2017, income inequality improved for first, fourth and fifth quintiles, worsened for the second quintile and remained the same for the third quintile.

Table 4.3.4 – Gini coefficient by income quintile, 2012 and 2017 HBS

Income Quintile	2012	2017
First quintile	0.190	0.171
Second quintile	0.068	0.074
Third quintile	0.055	0.055
Fourth quintile	0.072	0.071
Fifth quintile	0.240	0.216
All households	0.414	0.400

4.4 Household income by region

Household income in urban regions 15.2% higher than that in rural regions

In 2017, the monthly disposable income of households in urban regions stood at Rs 39,803, 15.2% higher than that of households in rural regions. Comparison of the per capita income discloses a higher income gap of 20.0%, explained by the larger household size of 3.5 in rural regions against 3.3 in urban regions.

Table 4.4 – Monthly household income by region, 2012 and 2017 HBS

	2012			2017		
	Urban	Rural	All regions	Urban	Rural	All regions
Average monthly household disposable income (Rs)	32,518	27,244	29,421	39,803	34,546	36,803
Average monthly per capita household income (Rs)	10,373	8,210	9,103	12,986	10,822	11,751

The income gap between households in urban and rural households narrowed

In 2017, the average household disposable income of urban households was 1.15 times higher than that of rural households, compared to a higher ratio of 1.20 in 2012. The decrease in the income gap between urban and rural households is explained by the higher increase in income among rural households, 27% against 22% for urban households.

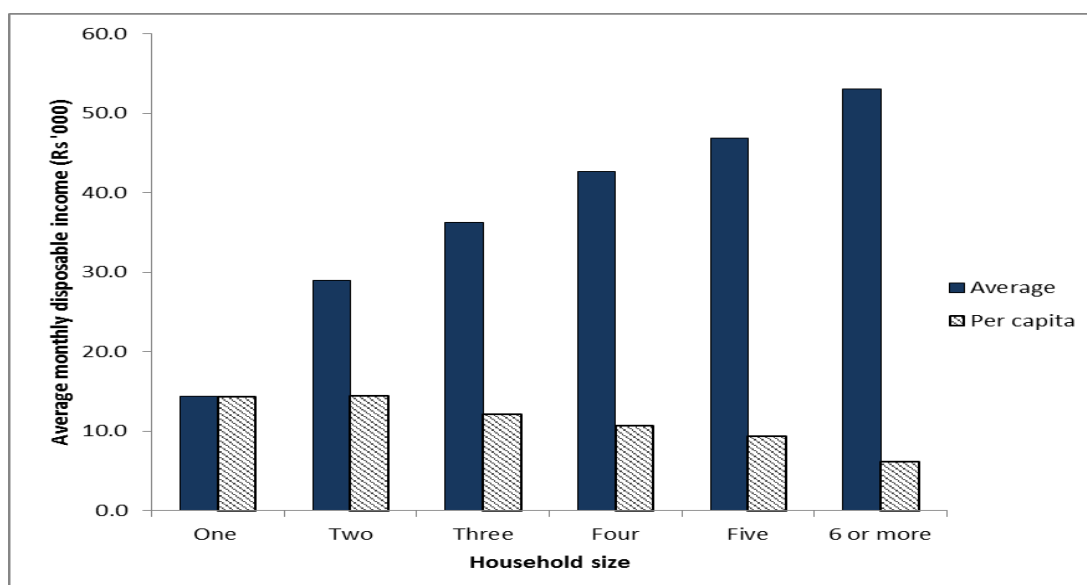
4.5 Income by household size and type

While household income increases with household size, per capita income shows the reverse

In 2017, the average monthly household disposable income, which was Rs 53,110 for households with six or more members, stood at more than three times that for one-member households, at Rs 14,371. This is explained by the fact that larger households contain more income earners and hence higher household income.

On the other hand, as the household size increases, the per capita income decreases. The per capita income was Rs 14,371 for one-member household compared to Rs 6,140 for households with six or more members. This is explained by the presence of more children, who were not income earners in larger households.

Figure 4.5 – Average household and per capita income by household size, 2017 HBS



Couple without children had a per capita income of around Rs 16,000

In 2017, the average monthly household disposable income per capita for “Couple without children” amounted to Rs 15,985. Per capita income for households consisting of one male parent with unmarried children stood at around Rs 12,201, 17% higher than that of a household with one female parent with unmarried children. This is explained by the fact that employment income for households comprising “One male parent with unmarried children” was 29% higher than that for households with “One female parent with unmarried children” while transfer income was higher by 34% for the latter group.

Table 4.5 – Average household and per capita income by type of household, 2017 HBS

Type of household	Household monthly income (Rs)	
	Average	Per capita
Single member household	14,371	14,371
Couple without children	31,970	15,985
Couple with unmarried children	41,725	11,093
One male parent with unmarried children	30,006	12,201
One female parent with unmarried children	26,059	10,403
Other households	43,363	9,925
All households	36,803	11,751

5. HOUSEHOLD CONSUMPTION EXPENDITURE

The consumption expenditure of households has been classified according to the UN COICOP (Classification of Individual Consumption According to Purpose) which consists of 12 major divisions, each representing a specific set of commodities. The complete definition of household consumption expenditure is given at **Annex 2**.

5.1 Household monthly consumption expenditure

Average monthly household consumption expenditure as reported at HBS 2017 stood at Rs 25,348

The average monthly expenditure reported by households at the HBS 2017 was Rs 25,348, 19.4% higher than Rs 21,231 recorded five years earlier. After adjusting for price increases and decrease in household size between 2012 and 2017, the real increase in household expenditure works out to 8.5%.

After comparing expenditure data collected at the 2017 HBS with data from other sources, it has been found necessary to adjust the household consumption expenditure for underreporting of alcoholic beverages and cigarettes. It has been estimated from other sources, such as data on production, imports, exports and local sales, that household consumption of alcoholic beverages and cigarettes represents about 80% of total sales in the country. On this basis, an adjustment of Rs 2,428 has been made for the average monthly household consumption expenditure. The COICOP divisions affected are ‘Alcoholic beverages and tobacco’ and ‘Restaurants and Hotels’ since the latter includes alcoholic drinks and cigarettes consumed in bars and restaurants.

Adjustment has also been made to cater for the interests paid on housing loans with an imputation of an amount of Rs 891. This imputation is based on the methodology recommended by ILO. The COICOP division affected is ‘Housing, water, electricity, gas & other fuels’.

After adjustments, the average monthly household consumption expenditure works out to Rs 28,667

The average adjusted monthly household consumption expenditure stood at Rs 28,667 in 2017, 20.9% higher than the figure of Rs 23,708 in 2012. This represented a real increase of 9.8% after adjusting for price increases and smaller household size.

Expenditure on “Alcoholic beverages and tobacco”, “Communication” and “Miscellaneous goods and services” registered highest increases

Comparison of monthly consumption expenditure in 2017 with figures recorded five years earlier shows highest increases in the COICOP groups: “Alcoholic beverages and tobacco” (46%), “Communication” (37%) and “Miscellaneous goods and services” (49%). Percentage increases in the other COICOP groups ranges from 9.9% for “Food and non-alcoholic beverages” to 34.5% for “Education”.

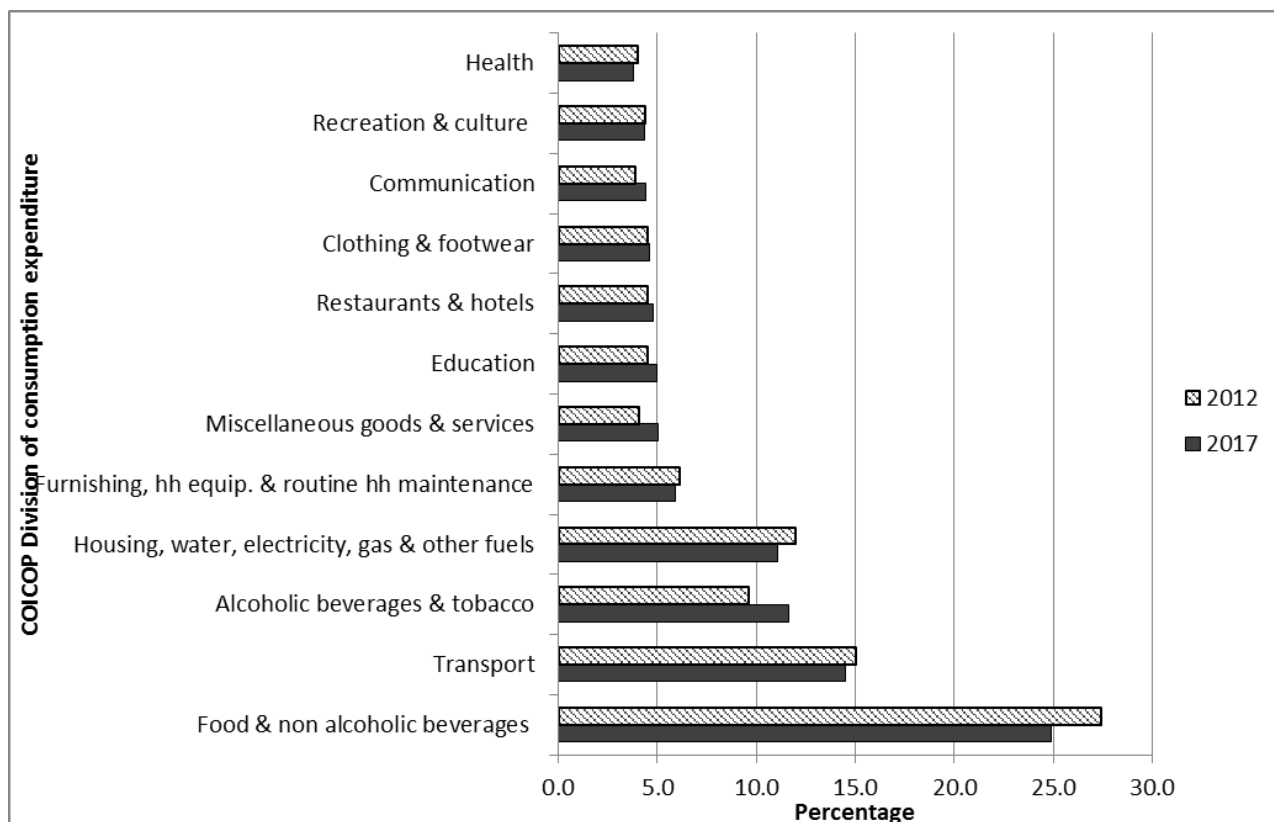
Table 5.1 – Adjusted average monthly household consumption expenditure (Rs) and distribution (%) by COICOP division, 2012 and 2017 HBS

COICOP Division of consumption expenditure		2012		2017		% change
		Rs	%	Rs	%	
1	Food & non alcoholic beverages	6,494	27.4	7,135	24.9	9.9
2	Alcoholic beverages & tobacco	2,291	9.6	3,338	11.6	45.7
3	Clothing & footwear	1,063	4.5	1,325	4.6	24.6
4	Housing, water, electricity, gas & other fuels	2,860	12.0	3,172	11.1	10.9
5	Furnishing, household equipment & routine household maintenance	1,449	6.1	1,690	5.9	16.6
6	Health	938	4.0	1,087	3.8	15.9
7	Transport	3,549	15.0	4,152	14.5	17.0
8	Communication	922	3.9	1,265	4.4	37.2
9	Recreation & culture	1,048	4.4	1,253	4.4	19.6
10	Education	1,067	4.5	1,435	5.0	34.5
11	Restaurants & hotels	1,060	4.5	1,372	4.8	29.4
12	Miscellaneous goods & services	967	4.1	1,443	5.0	49.3
All Items		23,708	100.0	28,667	100.0	20.9

Nearly one quarter of household expenditure is spent on “Food & non-alcoholic beverages”

In 2017, “Food & non-alcoholic beverages” had the highest share of household consumption expenditure accounting for 24.9%, followed by “Transport”, 14.5% and “Alcoholic beverages and tobacco”, 11.6%. “Health” had the least share of expenditure, 3.8%.

Figure 5.1 – Distribution (%) of adjusted average monthly household consumption expenditure by COICOP division, 2012 and 2017 HBS



“Food & non-alcoholic beverages” registered the largest decline in share of expenditure

The share of expenditure on “Food & non-alcoholic beverages” dropped by 2.5 percentage points from 27.4% in 2012 to 24.9% in 2017. Other COICOP groups with declining share of expenditure are “Housing, water, electricity, gas and other fuels” and “Transport” with decreases of less than one percentage point.

“Alcoholic beverages and tobacco” and “Miscellaneous goods and services” had the largest increases in share of 2.0 and 0.9 percentage points respectively.

It is to be noted that the unadjusted consumption expenditure of Rs 25,348 is used for further analysis of household expenditure

5.2 Households by consumption expenditure class

Households have shifted towards higher expenditure group

There is an upward shift in the number of households from lower expenditure classes to higher expenditure classes during the period 2012 to 2017. The proportion of households with a monthly consumption expenditure of less than Rs 15,000 decreased from 46.9% in 2012 to 35.1% in 2017. During the same period, the share of households with a monthly consumption expenditure of Rs 30,000 or higher increased from 16.8% in 2012 to 24.1% in 2017.

Table 5.2.1 – Distribution (%) of households and total consumption expenditure by monthly expenditure class, 2012 and 2017 HBS

Monthly consumption expenditure class (Rs)	Households (%)		Consumption expenditure (%)	
	2012	2017	2012	2017
Less than 5,000	4.7	2.6	0.8	1.6
5,000 to < 7,500	7.5	5.9	2.2	2.6
7,500 to < 10,000	11.6	8.1	4.8	3.5
10,000 to < 12,500	11.1	8.7	5.9	4.5
12,500 to < 15,000	12.0	9.8	7.7	5.5
15,000 to < 20,000	17.3	17.2	14.2	7.0
20,000 to < 30,000	19.0	23.6	21.8	9.7
30,000 to < 40,000	7.6	11.0	12.2	13.6
40,000 to < 50,000	3.7	4.9	7.8	17.7
50,000 and above	5.5	8.2	22.6	34.3
All classes	100.0	100.0	100.0	100.0

From 2012 to 2017, the share of total household expenditure incurred by households with a monthly expenditure of less than Rs 15,000 decreased from 21% to 18%. The share of expenditure incurred by households with a monthly expenditure of Rs 30,000 and more rose from 43% to 66% during the same period.

Increase in household consumption expenditure for all income groups

Between 2012 and 2017, households across all income quintiles experienced increases in average monthly household consumption expenditure with the highest increase (25.0%) observed in the third quintile and the lowest (16.1%) in the fifth one. The consumption expenditure for the first quintile increased by 17.3%, higher than the increase for fifth quintile. After adjusting for different household size across the quintiles, the same trend is observed.

Table 5.2.2 – Average monthly household consumption expenditure (Rs) by quintile group of household income, 2012 and 2017 HBS

Income Quintile	Average monthly household consumption expenditure (RS)		% change	Average monthly household consumption expenditure per capita (RS)		% change
	2012	2017		2012	2017	
	First quintile	8,320		9,755	17.3		4,322	5,223	20.8
Second quintile	13,571	15,862	16.9	4,682	6,113	30.6
Third quintile	17,265	21,576	25.0	5,304	7,001	32.0
Fourth quintile	23,106	28,666	24.1	6,677	8,501	27.3
Fifth quintile	43,926	51,018	16.1	12,542	14,295	14.0
All quintiles	21,231	25,348	19.4	6,704	8,222	22.6
Ratio highest to lowest quintile	5.3	5.2		2.9	2.7	

The lowest income quintile spend 43% on food against 20% for highest income quintile

The proportion consumption expenditure on “Food & non-alcoholic beverages” decreased with increasing household income, from 43% for households in lowest income quintile to 20% for households in highest income quintile. Similarly, “Alcoholic beverages and tobacco” and “Housing, water, electricity, gas and other fuels” showed a declining share of expenditure with increasing income.

Conversely, “Clothing and footwear”, “Transport”, “Education”, “Restaurants and hotels” and “Miscellaneous goods and services” revealed increasing expenditure share with higher income.

The largest difference in share of expenditure occurred in “Transport”, 24.0% for highest quintile against 6.2% for households in the lowest quintile, followed by “Education” 8.3% against 1.4%.

Table 5.2.3 – Distribution ¹ (%) of monthly household consumption expenditure by COICOP division and quintile group of household income, 2017 HBS

COICOP Division	Quintile group of household income					All Classes
	First quintile	Second quintile	Third quintile	Fourth quintile	Fifth quintile	
1 Food & non alcoholic beverages	42.9	38.0	33.7	28.9	19.5	28.1
2 Alcoholic beverages & tobacco	4.7	4.9	4.3	4.0	2.4	3.6
3 Clothing & footwear	3.3	4.5	5.6	5.4	5.6	5.2
4 Housing, water, electricity, gas & other fuels	14.9	12.3	9.7	8.6	6.8	9.0
5 Furnishing, household equipment & routine household maintenance	6.6	6.1	6.2	6.7	7.0	6.7
6 Health	3.6	3.8	3.7	4.9	4.5	4.3
7 Transport	6.2	8.3	10.9	14.9	24.0	16.4
8 Communication	4.4	5.4	5.9	5.7	4.2	5.0
9 Recreation & culture	4.3	5.0	4.9	4.9	5.1	4.9
10 Education	1.4	2.6	4.6	4.9	8.3	5.7
11 Restaurants & hotels	3.9	4.9	5.6	5.5	5.7	5.4
12 Miscellaneous goods & services	3.8	4.2	4.9	5.6	6.9	5.7
All Items	100.0	100.0	100.0	100.0	100.0	100.0

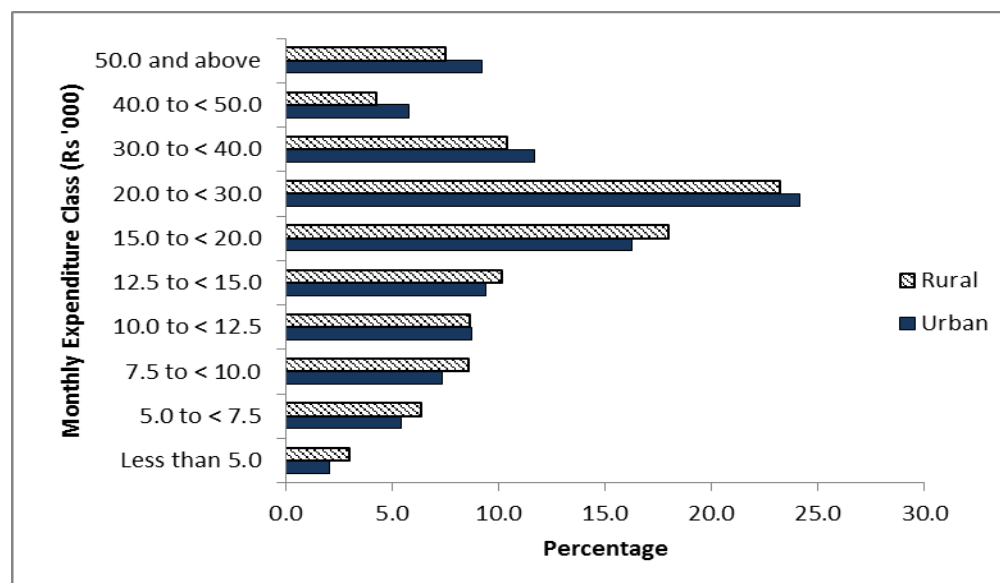
¹ Note: The distribution has been worked out using the unadjusted household consumption expenditure

5.3 Households by monthly consumption expenditure and region

Urban households spend on average more than their rural counterparts

The distribution of households shows higher proportions of urban households than rural households at the higher monthly expenditure classes, Rs 20,000 and higher.

Figure 5.3 – Distribution (%) of households by consumption expenditure class and regional stratum, 2017 HBS



Households in urban regions spent on average Rs 27,115 on consumption goods and services every month, 12.9% more than households living in rural regions with an expenditure of Rs 24,019. Comparison of per capita expenditure shows a higher difference of 18.5% explained by the larger household size in rural regions, 3.5 against 3.3 in urban regions.

Table 5.3.1 – Monthly household consumption expenditure (Rs) by region, 2012 and 2017 HBS

	2012			2017		
	Urban	Rural	All regions	Urban	Rural	All regions
Average monthly household consumption expenditure (Rs)	22,842	20,098	21,231	27,115	24,019	25,348
Average monthly household per capita consumption expenditure (Rs)	7,499	6,145	6,704	9,027	7,617	8,222

Slight reduction in the gap of average monthly household expenditure between urban and rural households

During the period 2012 to 2017, the average monthly household expenditure among rural households rose by 20% compared to 19% among urban households. Thus, the ratio of monthly household consumption expenditure among urban households to that among rural households dropped slightly from 1.14 to 1.13.

Rural households spend a higher proportion of their total household expenditure on “Food & non-alcoholic beverages”

In 2017, rural households spent 29.7% of their total household consumption expenditure on “Food & non-alcoholic beverages” compared to 26.3% for urban households. Rural households also had a higher share of expenditure on “Alcoholic beverages and tobacco” and “Clothing and footwear”.

Table 5.3.2 – Distribution of average monthly household consumption expenditure by COICOP division and regional stratum, 2017 HBS

COICOP Division	Regional Stratum				Total
	Urban	%	Rural	%	
1 Food & non alcoholic beverages	7,129	26.3	7,141	29.7	7,135
2 Alcoholic beverages & tobacco	825	3.0	973	4.0	910
3 Clothing & footwear	1,343	5.0	1,311	5.5	1,325
4 Housing, water, electricity, gas & other fuels	2,529	9.3	2,095	8.7	2,281
5 Furnishing, household equipment & routine household maintenance	1,731	6.4	1,659	6.9	1,690
6 Health	1,359	5.0	882	3.7	1,087
7 Transport	4,774	17.6	3,685	15.3	4,152
8 Communication	1,333	4.9	1,213	5.1	1,265
9 Recreation & culture	1,359	5.0	1,174	4.9	1,253
10 Education	1,682	6.2	1,249	5.2	1,435
11 Restaurants & hotels	1,450	5.4	1,313	5.5	1,372
12 Miscellaneous goods & services	1,602	5.9	1,324	5.5	1,443
All Items	27,115	100.0	24,019	100.0	25,348

Note: The distribution has been worked out using the unadjusted household consumption expenditure

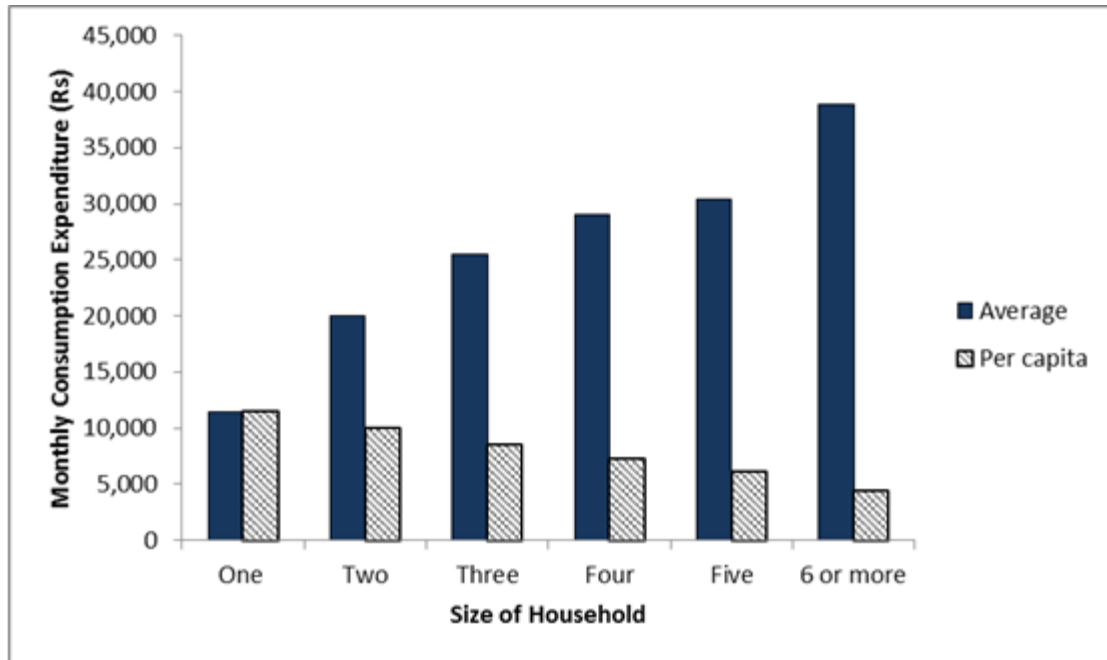
Main COICOP groups on which urban households had a higher share of consumption expenditure than rural households are “Housing, water, electricity, gas & other fuels”, “Education”, “Transport”, and “Health”.

5.4 Monthly consumption expenditure by household size and type

Per capita household consumption expenditure decreases with household size

The average household monthly consumption expenditure was higher for larger households, ranging from Rs 11,478 for one-member households to Rs 38,821 for households with six or more members. However, the per capita expenditure decreased from Rs 11,478 for one-member households to Rs 4,437 for the households with six or more members. This can be partly explained by the fact that larger households enjoy economies of scale in sharing common facilities.

Figure 5.4.1 – Average household and per capita household consumption expenditure by household size, 2017 HBS

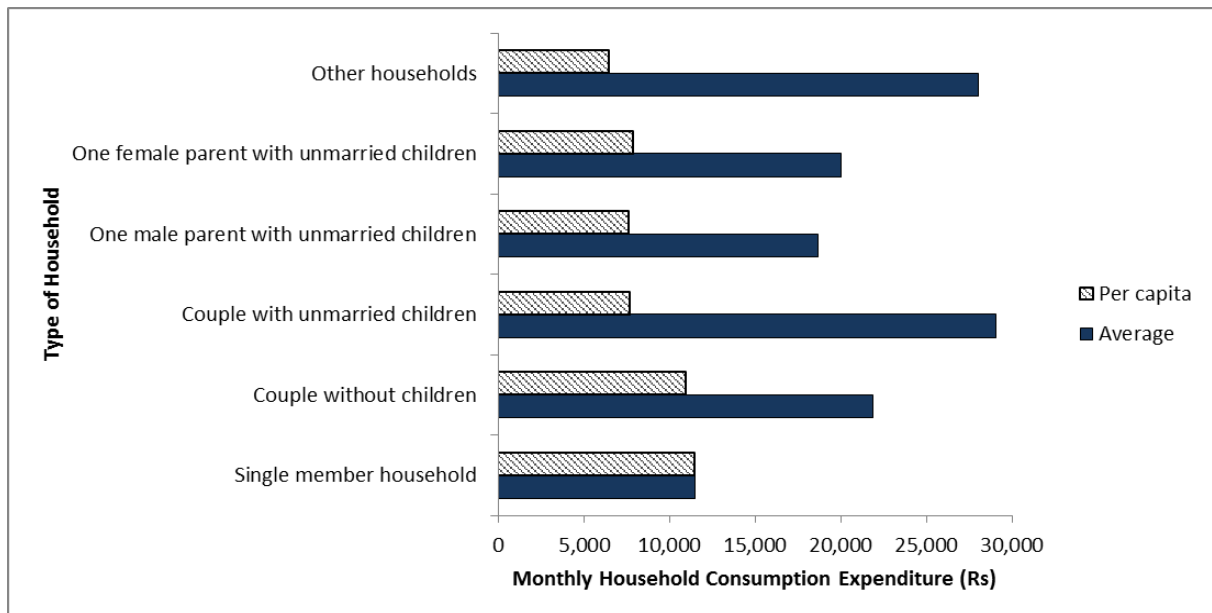


Average household consumption expenditure for “couples with unmarried children” more than doubled that for a “single member household”

In 2017, average household monthly consumption expenditure for “one-member household” was Rs 11,478 while that for “couples with unmarried children” stood at Rs 29,075. Households comprising “one female parent with unmarried children” spent on average about Rs 19,997 per month compared to “one male parent with unmarried children” households with an average monthly expenditure of Rs 18,687. It is to be noted that the disposable income of households of “one female parent with unmarried children” is Rs 26,059, 15.1% lower than Rs 30,006 for households with “one male parent with unmarried children”.

The per capita consumption expenditure was higher for “single-member households” and “couple without children” than for the other types of households due to fewer members in these two household types. The per capita consumption expenditure for these two household types worked out to Rs 11,478 and Rs 10,957 respectively compared to an amount ranging from Rs 6,487 to Rs 7,903 for the other household types.

Figure 5.4.2 – Average household and per capita household consumption expenditure by type of household, 2017 HBS



6. INDEBTED HOUSEHOLDS

Household debt includes loans on housing, education, health, motor vehicle and hire purchase goods such as household appliances.

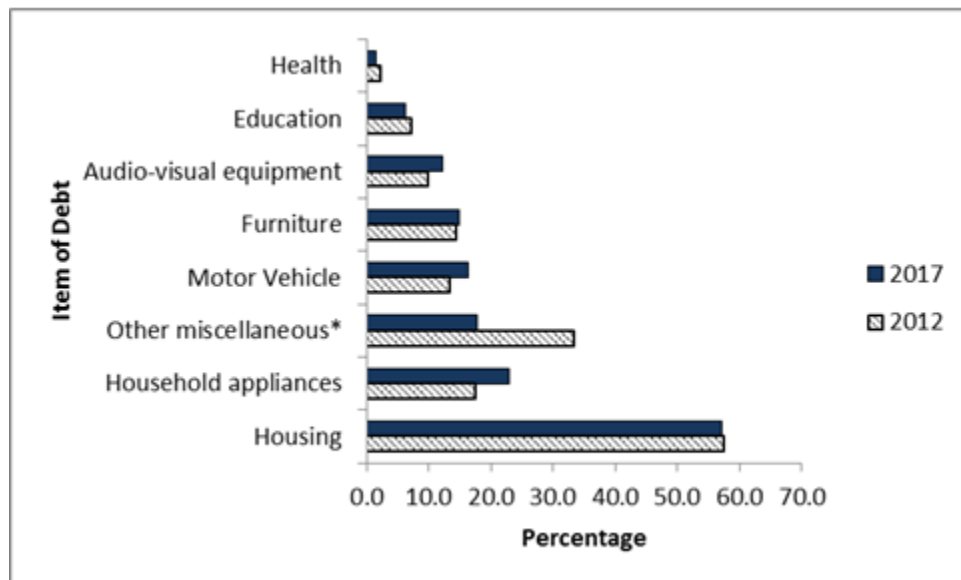
6.1 Level of indebtedness and debt items

Some 40% of the households are indebted, of whom more than half have a debt on housing

At the 2017 HBS, 40.3% of the households reported having made at least one debt repayment during the month. The corresponding figure at HBS 2012 was higher, at 45.3%.

Among indebted households, housing (57.1%) was the most common item of debt, followed by household appliances and motor vehicle. Health is the item of debt on which least number of households (1.4%) were indebted.

Figure 6.1.1 – Indebted households (%) by item of debt, 2012 and 2017 HBS



* Include wedding, computer, mobile phone, solar water heater and personal loans

Housing debt remains the most common debt item over the years

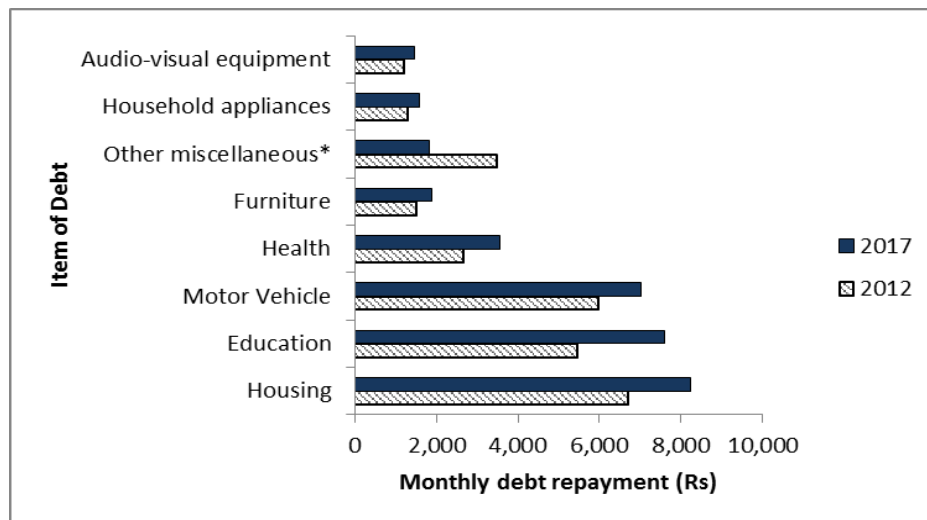
The proportion of indebted households for housing decreased slightly from 57.5% in 2012 to 57.1% in 2017. During that period, household ownership increased from 92.7% to 93.6%. The proportion of households indebted on motor vehicle increased from 13.4% in 2012 to 16.4% in 2017. Similarly a

larger proportion of households were indebted for audio-visual equipment (from 9.9% to 12.1%), household appliances (from 17.5% to 22.9%) and furniture (from 14.3% to 14.9%). On the other hand, a decrease in proportion of indebted households was noted for education (from 7.2% to 6.3%) and health (from 2.3% to 1.4%) during the five years under review.

An indebted household disbursed on average Rs 7,524 monthly on debt repayment in 2017

On average, an indebted household disbursed Rs 7,524 per month on debt repayment in 2017, 10.2% higher than the monthly loan repayment of Rs 6,830 in 2012.

Figure 6.1.2 – Average monthly debt repayment by item, 2012 and 2017 HBS



* Include debt on wedding, computer, mobile phone, solar water heater and personal loans

The average monthly debt repayment was highest, at Rs 8,241, for housing followed by education (Rs 7,585) and motor vehicle (Rs 7,012). Education which ranked sixth in term of level of household indebtedness among the items of debt had the second largest debt repayment. In 2012, the highest debt repayment was on housing followed by motor vehicle.

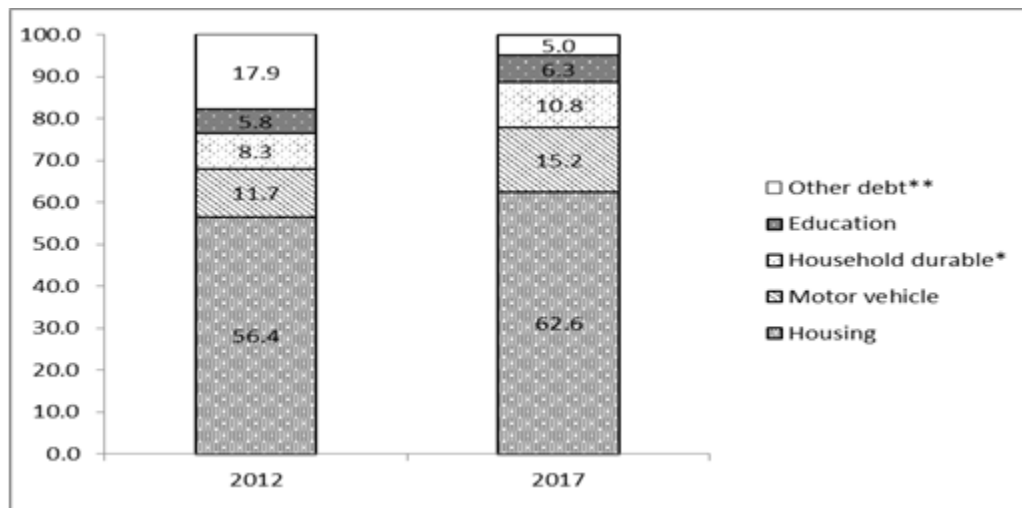
During the period 2012 to 2017, education saw an increase of 38.7% in average monthly debt repayment followed by health (34.3%) and furniture (24.0%). It is to be noted that the monthly debt repayment on audio-visual and household appliances increased by 21.5% and 20.9% respectively during the same period. The proportion of households indebted on these two items also were on the increase.

6.2 Composition of household debt

Housing remained the largest component of debt repayment

Housing, the largest debt component in both 2012 and 2017, saw its share increase from 56.4% to 62.6%. The component motor vehicle also witnessed an increase from 11.7% to 15.2%. Increases have also been observed in the component education and household durables. Consequently, the share of other debt comprising wedding, computer, mobile phone, solar water heater, personal loans and health decreased from 17.9% to 5.0% during that period.

Figure 6.2 – Component (%) of household debt, 2012 and 2017 HBS



*include furniture, audio-visual equipment and household appliances

**Include wedding, computer, mobile phone, solar water heater, personal loans and health

6.3 Indebtedness across income groups

The proportion of indebted households in the highest income quintile is more than four times than households in the lowest quintile

Some 63% of households in the fifth quintile were indebted in 2017. This proportion decreases with lower income to reach 16% for the first quintile. Comparison with 2012 HBS data shows that the proportion of indebted households decreased for almost all income groups except for households in the lowest quintile, which increased from 14.3% in 2012 to 15.7% in 2017.

Table 6.3.1 – Indebted households as a percentage of total households and average monthly loan repayment by income class, 2012 and 2017 HBS

Income quintile	Indebted households as a percentage of total households		Average monthly debt repayment by indebted households (Rs)		% change in average monthly debt repayment
	2012	2017	2012	2017	
First quintile	14.3	15.7	2,700	1,788	-33.8
Second quintile	37.3	32.2	2,560	3,078	20.2
Third quintile	48.5	41.4	3,570	4,496	26.0
Fourth quintile	59.2	49.4	5,640	6,406	13.6
Fifth quintile	67.2	63.1	13,470	14,074	4.5
All quintiles	45.3	40.3	6,830	7,524	10.2

Average monthly debt repayment in the lowest income group registered a decrease

Average monthly debt repayment for the first quintile decreased by 33.8% (from Rs 2,700 to Rs 1,788) between 2012 and 2017. However increases were noted for the other quintiles ranging from 4.5% to 26.0%. The highest increase of 26% was for the third quintile.

Table 6.3.2 – Component (%) of household debt by income quintile, 2017 HBS

Item of Debt	Quintile Group					All Households
	First Quintile	Second Quintile	Third Quintile	Fourth Quintile	Fifth Quintile	
House	49.3	55.5	69.3	65.0	61.5	62.6
Motor vehicle	2.3	3.1	4.8	8.3	21.7	15.3
Household Durable*	37.9	29.8	17.2	14.9	5.1	10.8
Education	0.2	1.2	2.5	5.9	8.0	6.3
Other**	10.3	10.4	6.2	5.9	3.7	5.0
All items	100.0	100.0	100.0	100.0	100.0	100.0
Average monthly debt repayment (Rs)	1,788	3,078	4,496	6,406	14,074	7,524

*Include furniture, audio-visual equipment and household appliances

**include wedding, computer, mobile phone, solar water heater, personal loans and health

Households in the lowest income groups allocate nearly half of their debt repayment on housing

In 2017, households in the lowest income quintile allocated around 49.3% of their debt repayment on housing, against more than 69.3% for households in the third quintile group. The proportion of debt repayment on motor vehicle and education increased with higher income, while the share of debt repayment on household durable decreased with increasing income.

6.4 Share of total household debt

Households in the highest income quintile had the largest share of total debt in 2017

The large share of total debt for households in the fifth quintile is explained by its higher level of indebtedness and larger debt repayment. Its share of total debt increased from 57.4% in 2012 to 58.5% in 2017, showing concentration of debt among the highest income households. During the period under review, the share of total debt decreased for the remaining quintiles, except for the third quintile.

Table 6.4 – Share of total debt (%) by income quintile , 2012 and 2017 HBS

Income quintile	2012	2017
First quintile	2.7	1.9
Second quintile	6.8	6.4
Third quintile	11.9	12.3
Fourth quintile	21.2	20.9
Fifth quintile	57.4	58.5
All quintiles	100.0	100.0

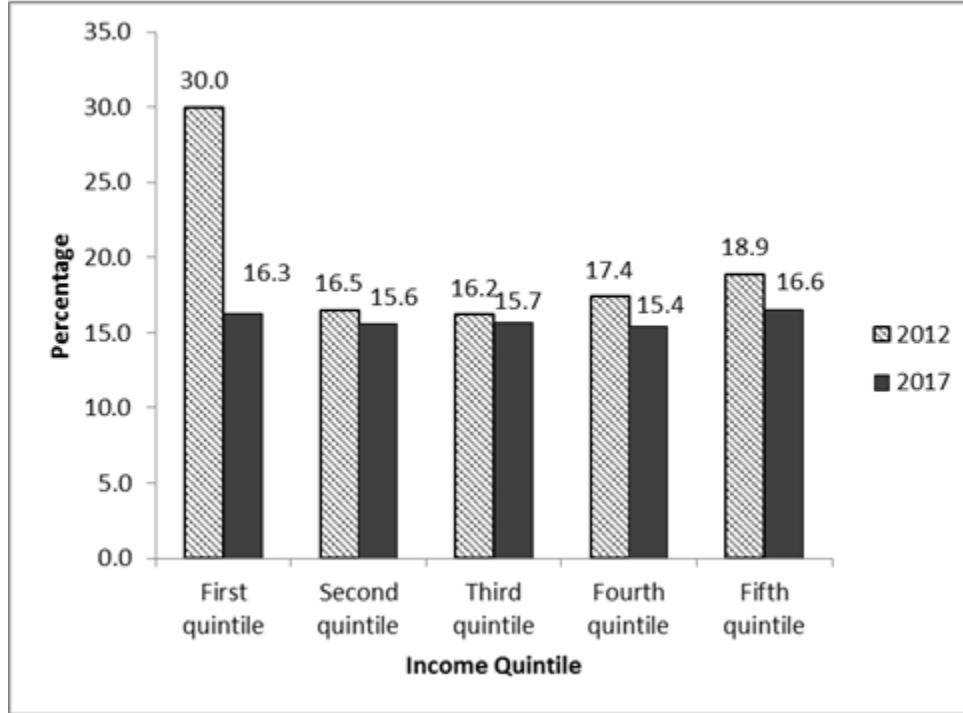
6.5 Debt repayment

Households in all income quintile group allocate nearly same proportion (15%) of their income on debt repayment

Debt repayment as a percentage of disposable income stood at 16.3% among households in the lowest quintile, lower than the 30.0% in 2012. Similarly, the proportion of disposable income devoted to debt repayment was 16.6% in 2017 compared to 18.8% in 2012. It is to be noted that the proportion of debt repayment on disposable income decreased, over the five year period, for the other quintiles and was around 15% in 2017.

In 2017, an indebted household, on average, allocated 15.9% of its disposable income on debt repayment compared to 18.2% in 2012.

Figure 6.5 – Debt repayment as a percentage of disposable income, 2012 and 2017 HBS



Housing is the most common debt item across all income groups

Among all income groups, the most common debt item is housing. However, the proportion of households with such debt increased from 34.0% among households in the lowest quintile to 69.7% among households in the highest quintile.

Table 6.5 – Indebted households (%) by item of debt and income quintile, 2017 HBS

Item of debt	Income Quintile					All households
	First Quintile	Second Quintile	Third Quintile	Fourth Quintile	Fifth Quintile	
House	34.0	40.2	56.6	59.9	69.7	57.1
Motor vehicle	2.3	4.5	7.4	11.9	35.3	16.4
Furniture	17.5	20.4	16.2	15.3	10.1	14.9
Audio-visual equipment	19.8	15.2	12.3	13.0	7.8	12.1
Household appliances	33.5	30.6	25.2	24.1	14.0	22.9
Education	0.6	1.6	3.8	5.7	12.1	6.3
Other miscellaneous items	16.7	25.3	18.1	19.4	17.3	19.2

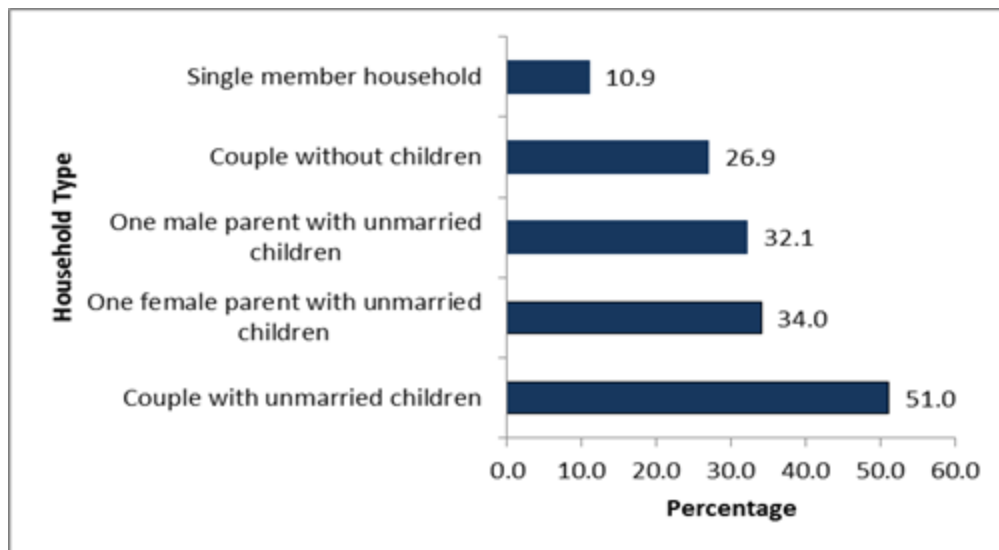
Similarly, level of indebtedness on motor vehicle and education was more pronounced among households in the higher quintiles. However, for household appliances, household indebtedness decreased with increasing income quintile.

6.6 Profile of indebted households

Higher indebtedness prevails among couple with unmarried children

The degree of indebtedness among the various types of households varies. Some 51% of “Couples with unmarried children” were indebted compared to 26.9% for “Couples without children” while “Single member households” were less likely to be indebted (10.9%). Housing was the main item of debt across all household types.

Figure 6.6 – Indebted households (%) by type of households, 2017 HBS



7. POINT OF PURCHASE

At the 2017 HBS, households were requested to state the outlets where they usually purchase selected goods and services. Information about frequency of purchase and usage of health public services were also collected. An analysis of the data collected is given below.

7.1 Point of purchase

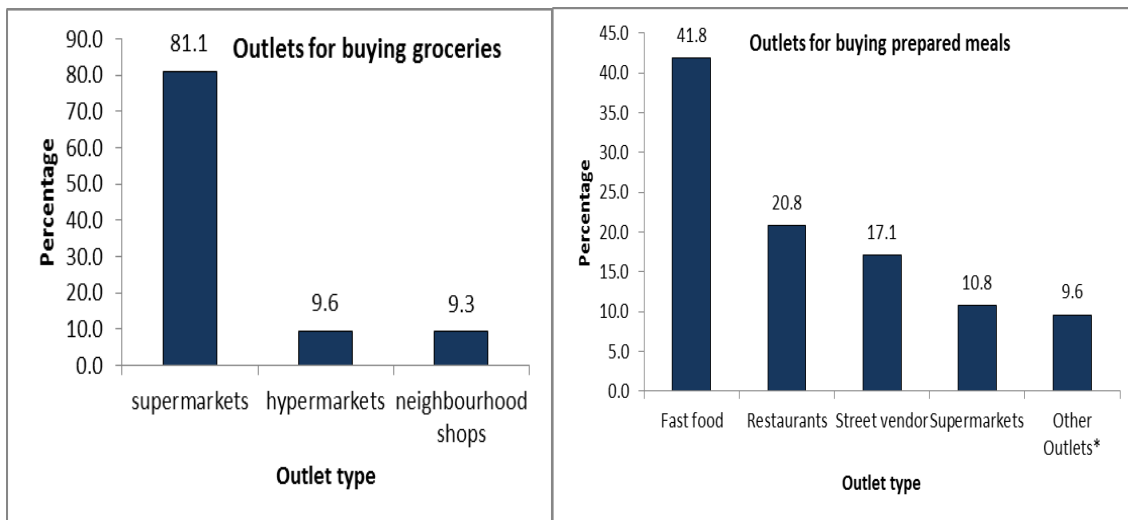
7.1.1 Groceries and prepared food

More households are leaving the neighbourhood shops to buy groceries from supermarkets and hypermarkets

In 2017, around 81% of households bought their groceries at supermarkets followed by hypermarkets (10%) and neighbourhood shops (9%). The corresponding figures for 2012 were 68 % for supermarkets, 14% for hypermarkets and 18% for neighbourhood shops.

Data show that prepared meals are usually bought at fast food outlets (41.8%) followed by restaurants (20.8%) and street vendors (17.1%).

Figure 7.1.1 – Distribution (%) of outlets visited by households for buying of groceries⁹ and prepared meals, 2017 HBS



* shops, tabagie, canteen, open market, market

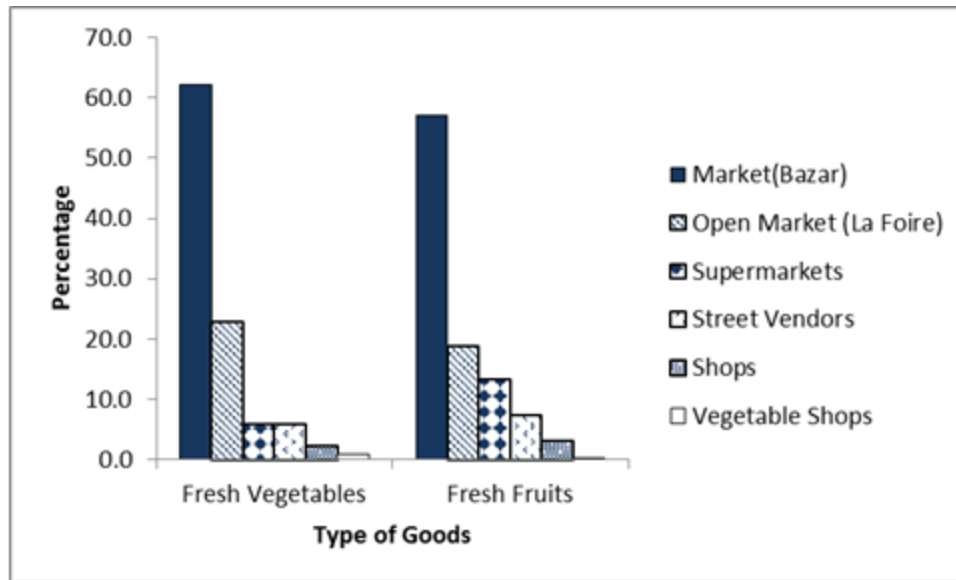
⁹ refer to goods (often denoted as "ration") usually bought by households at the end of the month

7.1.2 Fresh vegetables and fruits

Fresh vegetables and fruits are usually bought at market

Most households tend to buy fresh vegetables from the market (62.1%), followed by open market (22.8%) and supermarkets (6.0%). A similar distribution is observed for fresh fruits where market accounted for 57.0%, followed by open market (18.8%) and supermarkets (13.4%).

Figure 7.1.2 – Distribution (%) of outlets visited by households for buying fresh vegetables and fresh fruits, 2017 HBS



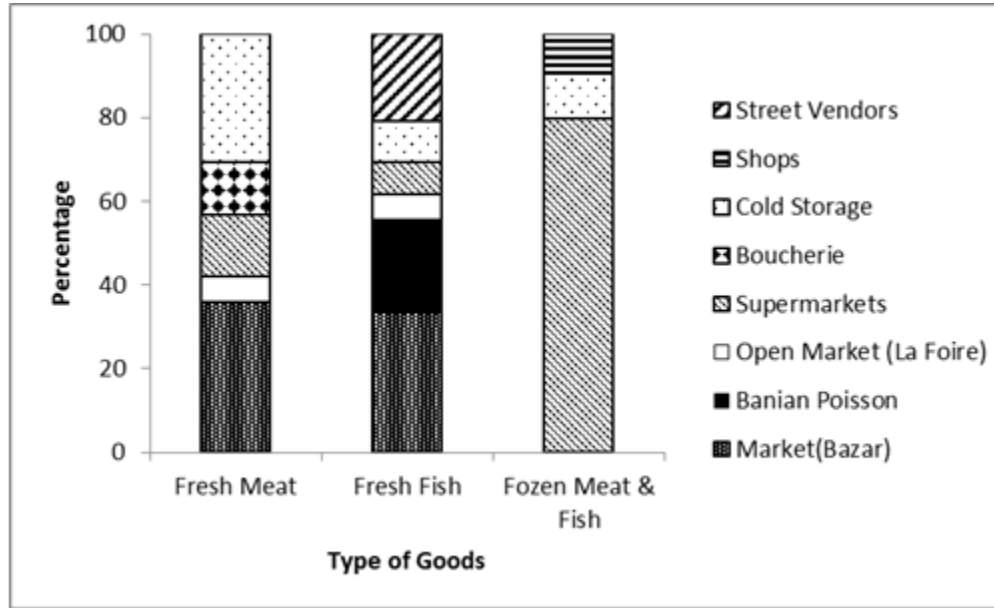
7.1.3 Meat and fish

Most households buy fresh meat and fish at markets while frozen meat and fish are usually bought at supermarkets

Among households consuming fresh meat, 36% made their purchase from markets, 31% from cold storage and 15% from supermarkets. Similarly, fresh fish was mainly bought from market by 34% of households. About 22% of households purchased fresh fish from “banian poisson” while 21% would buy from street vendors.

Frozen meat and fish were usually bought at supermarkets (79%), followed by cold storage (11%) and neighbourhood shops (10%).

Figure 7.1.3 – Distribution (%) of outlets visited by households for buying fresh meat, fresh fish and frozen meat and fish, 2017 HBS

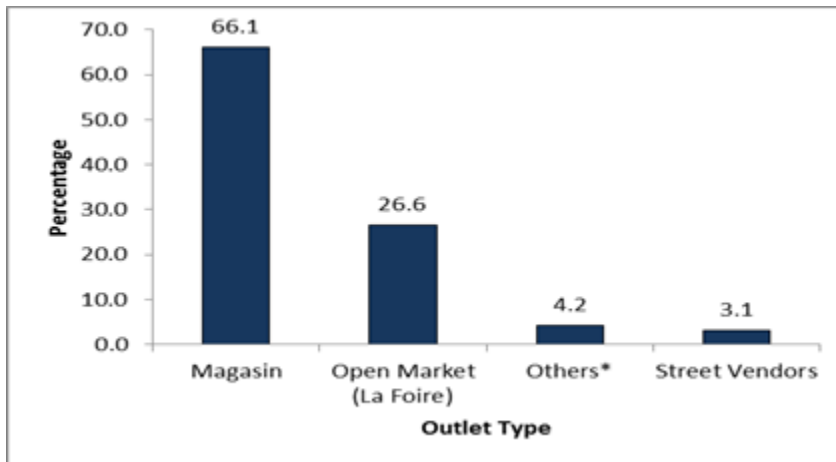


7.1.4 Ready-made Garments

Households tend to buy readymade garments in “magasin”

In 2017, around 66% of households bought their readymade garments at “magasin”, followed by open market (27%) and markets/supermarkets (4%).

Figure 7.1.4 – Distribution (%) of outlets visited by households for buying ready-made garments, 2017 HBS



* market and supermarkets

7.2 Paid services

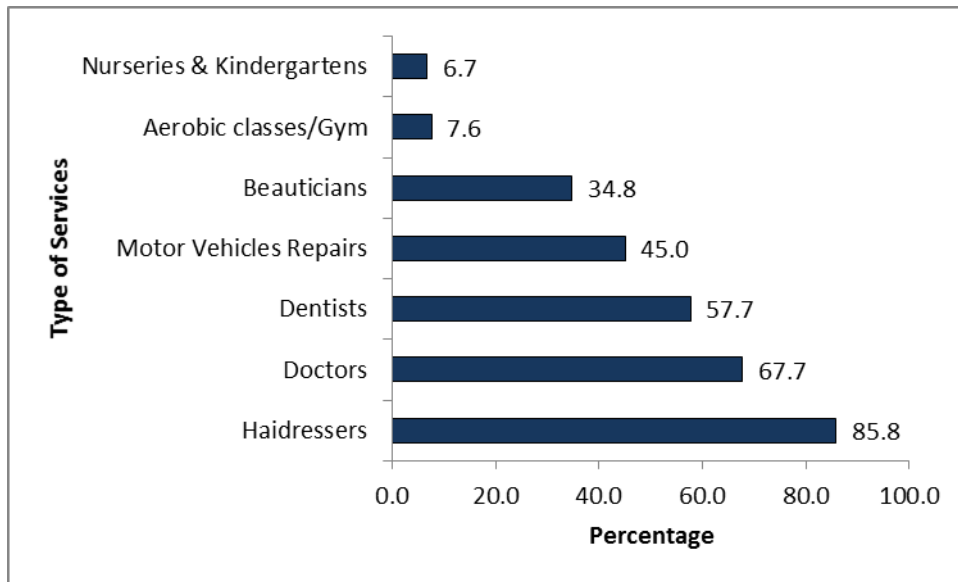
Though health service is free, an important proportion of the households had recourse to paid health services

Though 90% of households normally had recourse to free public health services, it is noted that some 68% of households paid for private doctor fees and 58% for dentist fees.

Data collected on household paid services in 2017 showed that some 86% of households spent on hairdresser services.

Some 35% of households paid for beautician services while around 8% of them spent on aerobic classes or gym.

Figure 7.2 – Distribution (%) of households by type of services paid, 2017 HBS



7.3 Purchase of groceries

Some 68% households buy their groceries when needed

At the HBS 2017, 68% of households reported that they buy their groceries when needed, i.e., on and off purchases. Nearly one third of households reported purchasing groceries in the fourth week of the month, and a slightly lower proportion in the first week. It has been worked out that around 54% of households were purchasing their groceries either at the end or beginning of the month. The third week of the month is the week where the least number of households, only 4.0% of all households, purchase groceries.

Table 7.3 – Period when households usually purchase groceries, HBS 2017

Period	Percentage of households
First week of the month	28.0
Second week of the month	9.1
Third week of the month	4.0
Fourth week of the month	30.5
When needed (on/off purchases)	68.4
Other	2.3

Note: The percentages do not add to 100 due to multiple answers

8. Impact of introducing new weight on CPI

8.1 Weighting system for 2012 and 2017

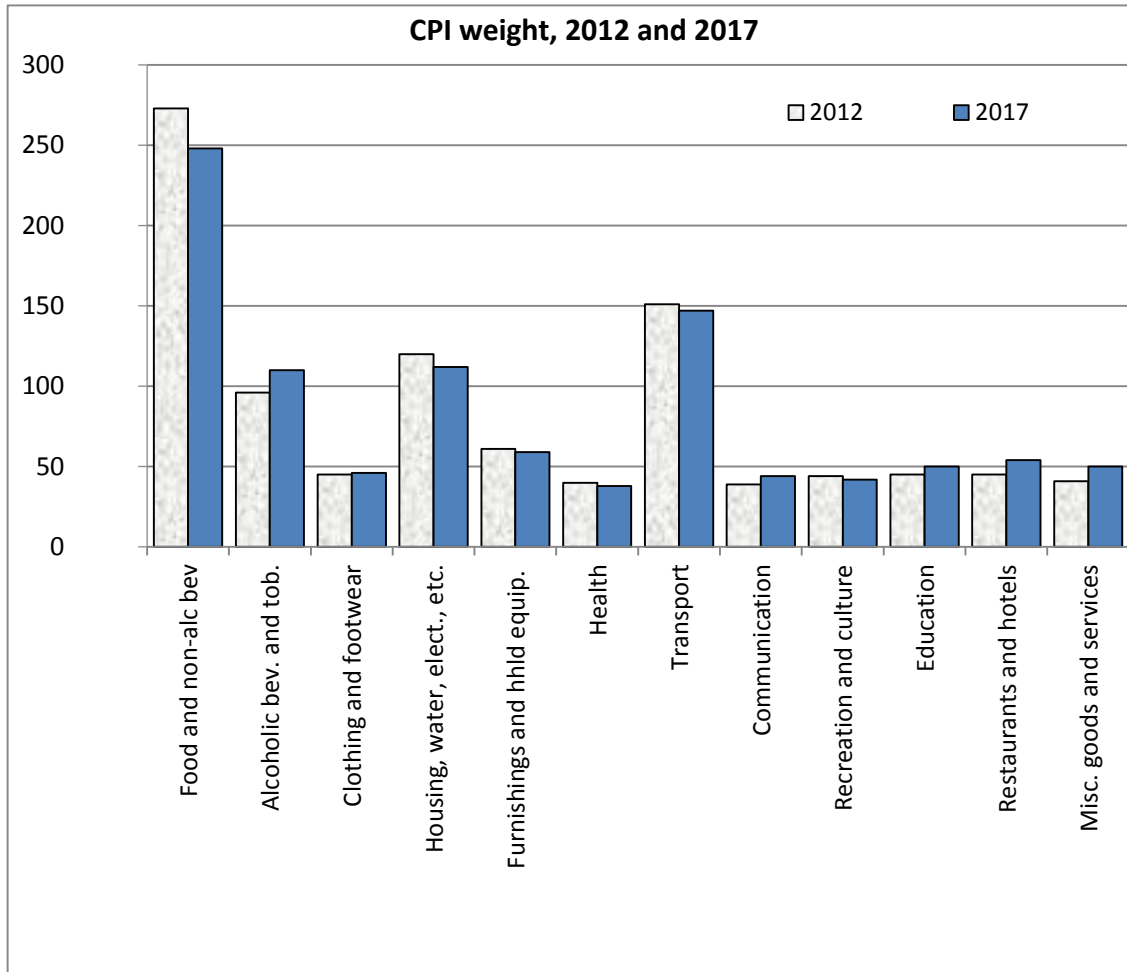
The International Labour Organisation recommends that the composition of goods and services as well as the weighting pattern for the CPI be revised every five years in order to reflect changes in the expenditure of private households. The weight of the CPI has been revised using the results of Household Budget Survey 2017 and the previous revision was done in 2012.

Table 8.1 shows the weighting pattern for 2017 based CPI together with the corresponding weighting pattern for 2012.

Table 8.1 - CPI: Distribution of weight by COICOP division, 2012 & 2017

Division	Consumption expenditure group	2012	2017
1	Food and non-alcoholic beverages	273	248
2	Alcoholic beverages and tobacco	96	110
3	Clothing and footwear	45	46
4	Housing, water, electricity, gas and other fuels	120	112
5	Furnishings, household equipment and routine household maintenance	61	59
6	Health	40	38
7	Transport	151	147
8	Communication	39	44
9	Recreation and culture	44	42
10	Education	45	50
11	Restaurants and hotels	45	54
12	Miscellaneous goods and services	41	50
Total		1,000	1,000

Figure 8.1.1 - Distribution of weight by COICOP division, 2012 & 2017



Major changes in the weight that occurred from 2012 to 2017 are as follows:

- The highest shift in the CPI weights was registered in the COICOP division of expenditure 'Alcoholic beverages and tobacco' from 96 in 2012 to 110 in 2017 mainly due to higher weight for beer from 20 to 30.
- The weight for 'Miscellaneous goods and services' rose from 41 to 50, mainly due to the weight of medical insurance (8 in 2017 compared to negligible in 2012).
- The weight for 'Restaurants and hotels' increased from 45 to 54 mainly due to an increase in the weights for purchase of prepared foods (from 24 to 28) and, cakes and snacks (from 4 to 9).
- Items of communication such as mobile phone calls (increase from 11 to 15) and internet connection (increase from 11 to 16) are gaining higher importance in the new CPI basket.

- e) The weight for “Education” grew from 45 to 50 between 2012 and 2017, mainly due to an increase in university fees from 19 to 33, partly offset by decrease in the weight for primary and secondary tuition fees (from 16 to 9). The latter decrease is explained by lower enrolment rates in primary and secondary schools.
- f) The weight for the COICOP division ‘Food and non-alcoholic beverages’ registered a decrease from 273 to 248 largely due to a decrease in the group food (from 254 to 230).

8.2 The impact of the new weight on CPI and inflation rate

To facilitate comparison of price changes over time and assess the impact of new weight on inflation rate, the CPI values by major division using 2012 weight and those based on 2017 weight were compared for the period January to December 2018. The basket of 2017 was thus used for the exercise. The inflation rates by major division were also compared.

The following results for CPI value and inflation rate for year 2018 were obtained:

Table 8.2 - Consumer Price Index and inflation rate, 2018

Division	Consumer Price Index		Inflation rate (%)		
	wt 2017	wt 2012	wt 2017 (A)	wt 2012 (B)	difference (A-B)
1	105.8	104.4	5.8	4.4	1.4
2	104.2	104.2	4.2	4.2	0.0
3	101.6	101.6	1.6	1.6	0.0
4	98.2	98.1	-1.8	-1.9	0.1
5	102.1	102.2	2.1	2.2	-0.1
6	103.1	103.1	3.1	3.1	0.0
7	104.9	105.2	4.9	5.2	-0.3
8	99.6	100.2	-0.4	0.2	-0.6
9	100.9	100.9	0.9	0.9	0.0
10	103.6	103.7	3.6	3.7	-0.1
11	102.2	102.2	2.2	2.2	0.0
12	101.5	100.6	1.5	0.6	0.9
Total	103.2	102.8	3.2	2.8	0.4

The inflation rates of 2018 based on the 2017 updated weights were higher for some expenditure groups, with the largest differences in Divisions: 1- Food and non-alcoholic beverages and 12- Miscellaneous goods and services:

- a) 'Food and non-alcoholic beverages' has known price increases of 5.8% with 2017 weight while price increases registered, using weight of 2012, would have been 4.4%, that is, a difference of 1.4 percentage point. This is mainly due to lower weight of bread and rice in 2017.
- b) 'Miscellaneous goods and services' has known price increases of 1.5% with weight of 2017 while price increases registered from 2012 weight would have been 0.6%, that is, a difference of 0.9 percentage point. This is mainly explained by the weight of medical insurance (8 in 2017 compared to negligible in 2012).

On the other hand, the inflation rates were lower for some other expenditure groups, with the largest differences in Divisions: 7- Transport and 8- Communication:

- a) 'Transport' has known price increases of 4.9% with 2017 weight while price increases registered with 2012 weight would have been 5.2%, which is a difference of -0.3 percentage point. This difference is mainly the effect of lower weight for motor vehicles and diesel oil in 2017.
- b) 'Communication' has known price decrease of 0.4% with the weight of 2017 while a price increase of 0.2% would have been registered for 2012 weight, which makes a difference of -0.6 percentage point. This difference is mainly accounted to higher weight for mobile phones in 2017.

Overall, the inflation rate for 2018, based on the updated weight of 2017, was 3.2% compared to 2.8% if the weight of 2012 would have been used. The impact of bringing updated weight on the inflation rate of 2018 was of the order of +0.4 percentage point, which indicated that the CPI and inflation rate have gained in precision.

Appendix 1

Annex tables to text

Table A2.1 – Distribution (%) of households by household size, 2012 and 2017 HBS

Household Size	2012	2017
1	8.3	9.1
2	18.8	21.4
3	21.4	22.6
4	28.7	26.6
5	13.8	12.5
6 or more	9.0	7.8
Total	100.0	100.0
Average household size	3.5	3.4

Table A2.2 – Distribution (%) of households by household type, 2012 and 2017 HBS

Household type	Distribution of households	
	2012	2017
Single member household	8.3	9.1
Couple without children	11.4	13.3
Couple with unmarried children	48.6	45.3
One parent with unmarried children	9.5	10.1
<i>of which</i>		
<i>One male parent with unmarried children</i>	1.7	2.1
<i>One female parent with unmarried children</i>	7.8	8.0
Other households	22.2	22.2
Total	100.0	100.0

Table A2.3– Distribution (%) of households by regional stratum and tenure, 2017 HBS

Regional Stratum	Type of tenure			Total
	Owner occupied and supplied free by parents/relatives	Rented	supplied free by employer	
Urban	89.9	9.9	0.2	100.0
Rural	96.3	3.1	0.6	100.0
Total	93.6	6.0	0.4	100.0

Table A2.5 – Distribution (%) of households with selected durable goods, 2012 and 2017 HBS

Household durable goods	Percentage of households	
	2012	2017
Electric shower	14.2	11.0
Air conditioner	11.2	18.5
Vacuum cleaner	16.5	19.5
Water pump	15.9	23.8
Hi-fi system	43.7	29.3
Solar water heater	17.3	31.9
Gas shower	44.2	43.6
Personal computer(inc. laptop)	43.2	45.6
DVD player	71.6	52.0
Water tank	48.0	59.5
Fixed telephone	67.2	68.4
Microwave oven	60.1	69.4
Washing machine	71.6	76.6
Mobile phone	91.1	94.9
Refrigerator	93.7	95.8
Television	97.3	97.5
Dishwashing machine	N/A	1.9
Dryer machine	N/A	1.5
Washer/dryer machine	N/A	2.5
Room heater	N/A	1.3
Tablet PC	N/A	22.9

N/A: Not Applicable

Table A3.4.1 – Distribution (%) of working persons by industry group and sex, 2017 HBS

Industry Group	Male	Female	Total
Agriculture, forestry and fishing	6.8	3.3	5.5
Manufacturing, mining and quarrying	13.8	14.9	14.2
Electricity, gas, steam and air-conditioning supply	0.7	0.1	0.5
Water supply; sewerage, waste management and remediation activities	0.9	0.3	0.7
Construction	15.9	1.4	10.6
Wholesale and retail trade; repair of motor vehicles and motorcycles	13.6	16.0	14.5
Transportation and storage	8.3	1.8	5.9
Accommodation and food service activities	7.6	7.5	7.6
Information and Communication	2.5	2.4	2.4
Real estate activities, financial and insurance activities	2.9	4.7	3.5
Professional, scientific and technical activities	2.6	2.9	2.7
Administrative and support service activities	5.4	6.2	5.7
Public administration and defence; compulsory social activity	9.9	8.1	9.3
Education	3.7	11.8	6.7
Human health and social work activities	1.3	4.0	2.3
Arts, entertainment and recreation	1.3	1.0	1.2
Other services	2.8	13.6	6.7
Total	100.0	100.0	100.0

Table A3.4.2 – Average number of hours worked per week by industry group, 2017 HBS

Industry Group	Average number of hours worked per week
Agriculture, forestry and fishing	34.8
Manufacturing, mining and quarrying	44.0
Electricity, gas, steam and air-conditioning supply	39.4
Water supply; sewerage, waste management and remediation activities	37.4
Construction	38.6
Wholesale and retail trade; repair of motor vehicles and motorcycles	42.4
Transportation and storage	50.8
Accommodation and food service activities	44.3
Information and Communication	44.6
Real estate activities, financial and insurance activities	37.3
Professional, scientific and technical activities	38.2
Administrative and support service activities	44.3
Public administration and defence; compulsory social activity	41.6
Education	28.0
Human health and social work activities	40.7
Arts, entertainment and recreation	40.1
Other services	29.6
Total	40.3

Table A3.5 – Average number of hours worked per week by major occupational group, 2017 HBS

Major Occupational Group	Average number of hours worked per week
Legislators, Senior Officials and Managers	43.7
Professionals	33.2
Technicians and Associate Professionals	39.1
Clerks	39.8
Service Workers and Shop Sales Workers	48.6
Skilled Agricultural, Forestry and Fishery Workers	30.0
Craft and Related Trade Workers	37.8
Plant and Machine Operators and Assemblers	45.2
Elementary Occupations	37.2
Total	40.3

Table A4.1 – Distribution (%) of monthly household gross income by source of income and income quintile, 2017 HBS

Income Quintile	Wages and salaries	Transfer	Entrepreneurial	Property & other income
First quintile	32.1	55.6	11.3	1.0
Second quintile	53.4	32.5	13.4	0.7
Third quintile	60.2	20.5	18.5	0.8
Fourth quintile	68.0	16.9	14.2	0.9
Fifth quintile	76.9	12.9	8.6	1.6
Total	67.6	19.3	11.9	1.2

Table A4.3.1 – Distribution (%) of households and total income by income class, 2012 and 2017 HBS

Monthly Household Disposable Income	2012 HBS		2017 HBS	
	Households (%)	Total Income (%)	Households (%)	Total Income (%)
Under 5,000	3.5	0.4	0.7	0.1
5,000 to < 10,000	10.9	2.7	7.7	1.5
10,000 to < 12,000	5.7	2.1	4.6	1.4
12,000 to < 14,000	6.1	2.7	4.5	1.6
14,000 to < 16,000	6.3	3.2	5.3	2.1
16,000 to < 18,000	5.9	3.5	4.2	1.9
18,000 to < 20,000	5.9	3.8	4.5	2.3
20,000 to < 25,000	13.4	10.2	11.4	7.0
25,000 to < 30,000	9.6	8.9	10.2	7.6
30,000 to < 35,000	7.1	7.8	8.9	7.8
35,000 to < 40,000	5.0	6.3	6.9	7.0
40,000 & above	20.6	48.4	31.1	59.7
Total	100.0	100.0	100.0	100.0

Table A4.3.2 – Some selected measures of monthly household income, 1975, 1980/81, 1986/87, 1991/92, 1996/97, 2001/02 2006/07, 2012 and 2017 HBS

Measures of monthly household income	Household Budget Survey								
	1975	1980/81	1986/87	1991/92	1996/97	2001/02	2006/07	2012	2017
Average monthly household income (Rs)	740	2,212	3,496	6,503	10,179	14,232	19,083	29,421	36,803
Median monthly household income (Rs)	552	1,518	2,663	5,300	7,870	11,150	14,640	21,848	28,250
Gini Coefficient	0.42	0.445	0.396	0.379	0.387	0.371	0.388	0.414	0.400

Table A4.5 – Average monthly and per capita household income by household size, 2017 HBS

Size of household	Household monthly income (Rs)	
	Average	Per capita
One	14,371	14,371
Two	28,947	14,474
Three	36,237	12,079
Four	42,665	10,666
Five	46,897	9,379
6 or more	53,110	6,140
All households	36,803	11,751

Table A5.3 – Distribution (%) of households by consumption expenditure class and regional stratum, 2017 HBS

Consumption expenditure class (Rs)	Regional Stratum		
	Urban (%)	Rural (%)	All Households (%)
Less than 5.0	2.0	3.0	2.6
5.0 to < 7.5	5.4	6.3	6.0
7.5 to < 10.0	7.3	8.6	8.1
10.0 to < 12.5	8.8	8.6	8.7
12.5 to < 15.0	9.4	10.2	9.8
15.0 to < 20.0	16.3	18.0	17.2
20.0 to < 30.0	24.1	23.2	23.6
30.0 to < 40.0	11.7	10.4	10.9
40.0 to < 50.0	5.8	4.2	4.9
50.0 and above	9.2	7.5	8.2
All classes	100.0	100.0	100.0

**Table A5.4.1– Average monthly and per capita household consumption expenditure by household size,
2017 HBS**

Size of household	Monthly household consumption expenditure (Rs)	
	Mean	Per capita
One	11,478	11,478
Two	19,981	9,990
Three	25,487	8,496
Four	29,070	7,268
Five	30,434	6,087
6 or more	38,821	4,437
All households	25,348	8,222

**Table A5.4.2 – Average monthly and per capita household consumption expenditure by type of households,
2017 HBS**

Types of household	Monthly household consumption expenditure (Rs)	
	Mean	Per capita
Single member household	11,478	11,478
Couple without children	21,913	10,957
Couple with unmarried children	29,075	7,699
One male parent with unmarried children	18,687	7,634
One female parent with unmarried children	19,997	7,903
Other households	28,044	6,487
All types of households	25,348	8,222

Table A6.1.1 – Indebted households (%) by item of debt, 2012 & 2017 HBS

Item of debt	Indebted households (%)	
	2012	2017
House	57.5	57.1
Motor Vehicle	13.4	16.4
Furniture	14.3	14.9
Audio-visual equipment	9.9	12.1
Household appliances	17.5	22.9
Education	7.2	6.3
Health	2.3	1.4
Other miscellaneous**	33.4	17.8
All items	45.3	40.3

** include debt on wedding, computer, mobile phone, solar water heater and personal loans

Table A6.1.2 – Average monthly loan repayment by item of debt, 2012 & 2017 HBS

Item of debt	Average monthly loan repayment by indebted households on specific items (Rs)	
	2012	2017
House	6,690	8,241
Motor Vehicle	5,960	7,012
Furniture	1,510	1,873
Audio-visual equipment	1,210	1,470
Household appliances	1,300	1,572
Education	5,470	7,585
Health	2,650	3,558
Other miscellaneous**	3,480	1,837
All items	6,830	7,524

** include debt on wedding, computer, mobile phone, solar water heater and personal loans

Table A6.6 – Indebted households (%) by type of households, 2017 HBS

Type of Households	Percentage
Single member household	10.9
Couple without children	26.9
Couple with unmarried children	51.0
One male parent with unmarried children	32.1
One female parent with unmarried children	34.0
Other households	41.5
All types of households	40.3

Table A7.1.2 – Distribution (%) of outlets visited by households for buying fresh vegetables and fresh fruits,**2017 HBS**

Outlet Type	Fresh Vegetables	Fresh Fruits
Market(Bazar)	62.1	57.0
Open Market (La Foire)	22.8	18.8
Supermarkets	6.0	13.4
Street Vendors	5.9	7.4
Shops	2.3	3.2
Vegetable Shops	0.9	0.3

Appendix 2

Concepts & Definitions

Household size

The household size is defined as the number of persons living in the household irrespective of age and relationship to the head.

Household gross income

Household gross income consists of regular receipts, both in cash or in kind, accruing to members of the household before compulsory deductions and taxes. It is made up of employee income, self-employment or entrepreneurial income, property income, transfer income and other income.

(a) Employee income

Employee income refers to all regular income from paid employment including travelling allowance, rent allowance, bonuses and gratuities as well as any income received in kind. It is to be noted that income derived by employees from subsidiary or parallel business was also included as employee income. However, employers' contributions to social security, pensions and insurance schemes on behalf of employees were excluded.

Estimates of monthly employee income refer to the monthly equivalent income. These are based on the last pay; in cases where the period covered was not monthly, the pay was adjusted to a monthly equivalent income. In addition, the amount received as end of year bonus and leave refund was divided by twelve to obtain the equivalent average monthly income.

(b) Self-employment or entrepreneurial income

Self-employment or entrepreneurial income is defined as the net income (gross receipts minus expenditure) derived from self-employment in household enterprises, business, trade, crop cultivation and independent professional activities.

(c) Property income

Property income relates to net receipts (gross receipts minus expenditure on maintenance and municipal rates where applicable) derived from ownership of assets and includes interests, dividends as well as rent of buildings, land, machinery and equipment.

(d) Transfer income

Transfer income consists of pensions and allowances from government and private organisations as well as inter household transfers such as alimony, child support, parental support and, goods and services from social organisations.

(e) Other income

Other income is mainly the value of goods produced by households for their own consumption. These were valued at the market prices prevailing during the reference period.

Household disposable income

The household disposable income is defined as the gross household income less compulsory deductions such as income tax (PAYE) and contributions to pensions and social security schemes.

Unless otherwise stated, household disposable income has been used as the analytical income measure since it is close to the total income available for consumption expenditure during the accounting period.

Other household receipts

Receipts that are non-regular or non-recurring were not considered as income, but as other receipts. These are

- a) money derived from sale of property and possessions;
- b) withdrawals from savings;
- c) loans obtained;
- d) repayments of loans by other households;
- e) cash gifts from other households; and
- f) capital transfers such as inheritances, lump sum, etc.

Household receipts are defined as the sum of household disposable income and other household receipts.

Income quintile

Households are ranked according to their disposable income from lowest to highest. Then they are divided into 5 equal classes with each containing one fifth of the total households.

Household consumption expenditure

Household consumption expenditure refers to all money expenditure by households on goods and services for consumption as well as the value of goods received as income in kind and consumed by the households. Thus, goods produced by households and utilised for their own consumption as well as those received free or at a reduced price, are included at prevailing market prices. It does not, however, include the value for education, health, transport and other services received free from the government as well as the rental value of owner-occupied and free housing. This concept of household consumption expenditure is different as in the System of National Accounts which includes imputed rental of owner-occupied housing.

Excluded from the household consumption expenditure are direct taxes such as income tax; social security contributions; life insurance premiums; saving bank deposits; repayment of loans; loans provided to other households; disbursement for investments such as purchase of land, houses and major house repairs; gambling losses; and cash grants to other households.

Comparison of expenditure against income

The HBS provides information about both expenditure and income, but it would be misleading to consider the difference between the average monthly income and the average monthly expenditure as shown in the tables in this report as a measure of savings for the following reasons:

- a) Household savings is expressed along the concept of household wealth where all forms of income and expenditure have to be measured. But, the HBS focuses on regular forms of income and expenditure of current consumption. Thus, the average monthly household income does not include non-regular income such capital transfers or windfall gains (inheritances, lump-sum receipts and lotteries) while the average monthly consumption expenditure does not include non-consumption expenditure such as income tax, social security contributions; life insurance premiums and mortgage repayment.
- b) The income and expenditure data do not relate to the same reference period.

- i) Employee income does not refer to the actual income received during the survey month, but is an estimate of the monthly equivalent income, having been adjusted for end of year bonus. Income from self-employment relates to the previous accounting period while property income such as interests and dividends may relate to period earlier than the survey month.
- ii) Expenditure data were collected on an acquisition basis, i.e., the cost of some goods acquired during the survey month was considered as expenditure regardless of whether the household paid for them during the month. Hence, the value of goods acquired on hire purchase during the survey month was considered as expenditure even though the total amount was not paid during that month.
- c) A household expenditure in a particular month may not necessarily be paid from the income received during the same month. It could also have been paid from non-regular receipts (which are not considered as income) such as inheritances, lump-sum receipts and money withdrawn from savings or obtained by way of loan.

Abbreviations

HBS	: Household Budget Survey
CPI	: Consumer Price Index
COICOP	: Classification of Individual Consumption according to Purpose
ILO	: International Labour Organisation
Rs	: Mauritian Rupees