

In 1392, household final consumption expenditure decreased by 1.0 percent (at constant 1383 prices) to Rls. 962.7 trillion, constituting 0.5 percentage point of the 1.9 percent decrease in gross domestic expenditure. Due to the continued increase in prices, the positive outcome of the implementation of Subsidy Reform Plan, which had relatively improved income distribution in 1391, was leveled in 1392.

### Socioeconomic Characteristics of Households in Urban Areas

Based on the Household Budget Survey, the recent years' downward trend of the household size in urban areas reversed in 1392 and the average number of household members increased from 3.46 persons in 1391 to 3.47 in 1392. This was attributable to the increase in the share of five-member households from 12.0 percent in 1391 to 12.3 percent in 1392, which was against the backdrop of its downward trend since 1383.

Households with four members had the highest share by 29.8 percent in 1392. This indicated 1.0 percentage point increase compared with 1391.

Distribution of household members by age groups reveals that 29.3 percent of household members in 1392 were in the age group of 16-30 years of age, indicating a decrease compared with previous years. Moreover,

10.3 percent of the household members were above 60 years old, up by 0.2 percentage point compared with 1391.

Reviewing the literacy rate among household members of 6+ years old revealed that 11.2 percent of household members were illiterate. Share of university educated members in total household members increased from 21.5 percent in 1391 to 22.2 percent in 1392.

Distribution of households' employed members based on expenditure deciles shows that of total households in the 1<sup>st</sup> decile, 40.6 percent had no employed member in 1392. In the 1<sup>st</sup> decile, about 1.2 percent of households were with three employed members and more. The mentioned share in the 2<sup>nd</sup> decile was 2.1 and in the 3<sup>rd</sup> decile, 3.8 percent. Reviewing the characteristics of the high-income deciles reveals that 50.9 percent of the households in the 10<sup>th</sup> decile had one employed person. Moreover, 8.9 percent of total households with one employed person were in the 10<sup>th</sup> decile, as in most other deciles.

Reviewing the distribution of the employed household members based on economic activity indicates that the highest share by 22.4 percent was related to those household members employed in "wholesale, retail trade, restaurants, and hotels" group, followed by "other community, social, and personal

service activities" by 21.1 percent, "mining, manufacturing, and utilities" by 17.8 percent, and "construction" by 15.3 percent. Comparing these shares with the corresponding figures of 1391 shows that the share of the employed household members in "mining, manufacturing, and utilities" increased while that of other groups decreased.

The share of households who are homeowners residing in their owner-occupied dwellings increased from 62.4 percent in 1391 to 64.4 percent in 1392. It is to be noted that with regard to expenditure deciles, 7.7 percent of households residing in owner-occupied houses in 1392 were in the 1<sup>st</sup> decile, 8.0 percent in the 2<sup>nd</sup> decile, 8.4 percent in the 3<sup>rd</sup> decile, and 12.6 percent (the highest) in the 10<sup>th</sup> decile. In this year, 25.9 percent of households were residing in rental houses, down by 1.1 percentage points compared with the year before. Of total households in the 1<sup>st</sup> decile, 35.4 percent were residing in rental houses, showing 2.4 percentage points increase compared with 1391. Comparing the share of households residing in rental houses by expenditure deciles reveals that, in 1392, the share of these households decreased in most deciles (except for the 1<sup>st</sup> and 3<sup>rd</sup> deciles). The highest decrease by 3.8 percentage points was related to the 9<sup>th</sup> decile. Implementation of Mehr Housing Program contributed to the rise in the share of households residing in owner-occupied dwellings and a fall in the share of rentals.

A review of utilities used by urban households in 1392 indicates that 99.4 percent of households had access to piped water, 100.0 percent to electricity, 92.9 percent to piped natural gas, and 41.2 percent to sewage system. In this year, 23.9 percent of households had access to

internet, indicating 2.7 percentage points increase compared with 1391. Moreover, 44.4 percent of households owned an automobile and 94.7 percent had cell phones.

### Household Budget Survey

According to the Economic Statistics Department of the Central Bank, in 1392, average annual household expenditure (gross)<sup>1</sup> in urban areas amounted to Rls. 284.5 million at current prices (Rls. 23,705 thousand monthly), showing 31.4 percent increase compared with the year before. In this year, average annual household expenditure (gross) in urban areas, at constant 1390 prices, rose by 0.5 percent compared with 1391 and reached Rls. 168.6 million. Comparing the minimum nominal wage in 1392 (Rls. 4,871 thousand per month) with the average monthly expenditure on "food and beverages" group at Rls. 6,227 thousand indicates that the minimum wage paid to workers covers almost 78.0 percent of the expenditures on this group which, compared to 82.0 percent in 1391, is indicative of worse conditions for low-income groups. Part of the deficit in household income is compensated by cash handouts; however, the income-expenditure gap is still wide for low-income groups and holders of non-professional jobs, especially those with limited professional backgrounds.

Reviewing the gross household expenditure based on expenditure groups indicates that the share of "housing, water, electricity, gas, and other fuels" increased by 1.2 percentage points and shares of "health and medical care", "clothing and footwear", and "food and beverages" each increased by 0.1 percentage point (at current prices). Shares

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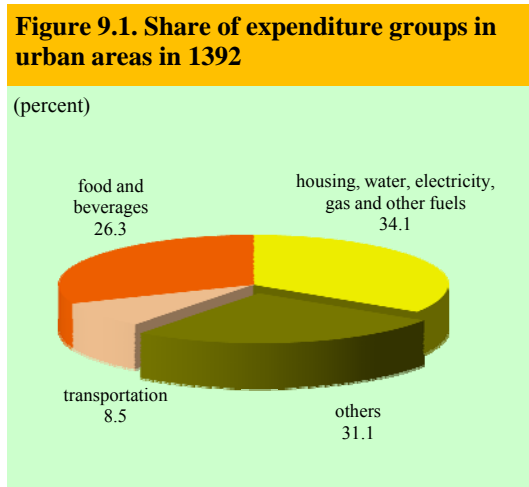
<sup>1</sup> Excludes household expenditure on tax and retirement savings.

of other groups either remained unchanged or decreased compared with 1391. The highest decrease by 0.9 percentage point was related to "transportation" group. Rise in the share of household expenditure was mostly related to the group of essential goods, pointing to the higher tendency of households to spend on essential goods.

Total share of "food and beverages", "housing, water, electricity, gas, and other fuels", "clothing and footwear", and "health and medical care" groups was 70.6 percent, compared with 65.4 and 69.1 percent average shares of these groups in 1390 and 1391, respectively. This indicated unfavorable household budget condition. The accelerating price inflation in these groups caused households to spend more on these groups and less on others.

Reviewing annual household expenditure (gross) at constant 1390 prices indicates sharp declines in all groups except for

"housing, water, electricity, gas, and other fuels", "communication", and "education". The highest declines were related to "furniture, furnishings, and household equipment and operation", "miscellaneous goods and services", "transportation", and "clothing and footwear" by 19.2, 13.8, 11.3, and 10.0 percent, respectively.



**Table 9.1. Comparison of Changes and Share of Expenditure Groups in Gross Household Expenditure in Urban Areas** (ten thousand rials-percent)

	1390	1391	1392	Percentage change		Share (percent)	
				1391	1392	1391	1392
Food and beverages	4,326.7	5,684.1	7,472.4	31.4	31.5	26.2	26.3
Tobacco	55.8	86.3	117.6	54.6	36.3	0.4	0.4
Clothing and footwear	796.3	984.2	1,314.9	23.6	33.6	4.5	4.6
Housing, water, electricity, gas and other fuels	5,329.2	7,115.8	9,707.4	33.5	36.4	32.9	34.1
Furniture, furnishings, and household equipment and operation	830.4	964.7	1,192.3	16.2	23.6	4.5	4.2
Health and medical care	930.0	1,185.8	1,602.1	27.5	35.1	5.5	5.6
Transportation	2,031.0	2,039.0	2,429.9	0.4	19.2	9.4	8.5
Communication	394.1	441.5	573.0	12.0	29.8	2.0	2.0
Recreation and culture	469.1	507.0	654.9	8.1	29.2	2.3	2.3
Education	365.3	421.7	499.0	15.5	18.3	1.9	1.8
Restaurants and hotels	397.3	453.5	585.7	14.1	29.1	2.1	2.1
Miscellaneous goods and services	1,467.3	1,770.3	2,297.0	20.7	29.7	8.2	8.1
<b>Total</b>	<b>17,392.6</b>	<b>21,654.0</b>	<b>28,446.2</b>	<b>24.5</b>	<b>31.4</b>	<b>100.0</b>	<b>100.0</b>

Comparing the inflation rate among various expenditure groups indicates that, in 1392, the highest inflation was related to "furniture, furnishings, and household equipment and operation", "miscellaneous goods and services", "clothing and footwear", "tobacco" and "food and beverages" while the lowest inflation was related to the "communication" group.

**Analysis of Household Expenditure by Deciles**

A review of household expenditure by various deciles indicates that the 10<sup>th</sup> to the 1<sup>st</sup> decile ratio (ratio of richest 10 percent to poorest 10 percent) was 13.8 in 1392, i.e. the richest 10 percent had an average expenditure of 13.8 times that of the poorest 10

**Table 9.2. Comparison of Changes and Share of Expenditure Groups in Gross Household Expenditure in Urban Areas (in real terms)** (ten thousand rials-percent)

	1390	1391	1392	Percentage change		Share (percent)	
				1391	1392	1391	1392
Food and beverages	4,326.7	3,932.3	3,647.7	-9.1	-7.2	23.4	21.6
Tobacco	55.8	47.3	43.9	-15.3	-7.0	0.3	0.3
Clothing and footwear	796.3	666.0	599.3	-16.4	-10.0	4.0	3.6
Housing, water, electricity, gas and other fuels	5,329.2	6,301.8	7,155.8	18.2	13.6	37.5	42.4
Furniture, furnishings, and household equipment and operation	830.4	639.2	516.8	-23.0	-19.2	3.8	3.1
Health and medical care	930.0	951.0	928.1	2.3	-2.4	5.7	5.5
Transportation	2,031.0	1,574.6	1,397.4	-22.5	-11.3	9.4	8.3
Communication	394.1	410.7	497.5	4.2	21.1	2.4	3.0
Recreation and culture	469.1	359.6	343.9	-23.3	-4.4	2.1	2.0
Education	365.3	369.6	388.5	1.2	5.1	2.2	2.3
Restaurants and hotels	397.3	326.9	303.2	-17.8	-7.3	1.9	1.8
Miscellaneous goods and services	1,467.3	1,207.7	1,040.5	-17.7	-13.8	7.2	6.2
<b>Total<sup>1</sup></b>	<b>17,392.6</b>	<b>16,786.7</b>	<b>16,862.6</b>	<b>-3.5</b>	<b>0.5</b>	<b>100.0</b>	<b>100.0</b>

<sup>1</sup> Total is calculated based on total real expenditures of expenditure groups. This is due to changes in the share of expenditure groups at 1390 prices.

**Table 9.3. Comparison of Growth in Household Gross Expenditure in Urban Areas with Inflation for Different Expenditure Groups in 1392** (percent)

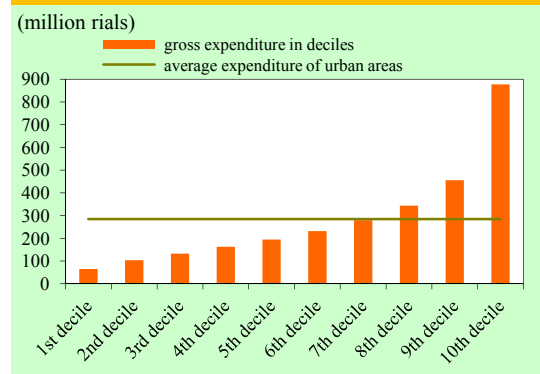
	Growth in household gross expenditure in nominal terms	Inflation	Growth in household gross expenditure in real terms
Food and beverages	31.5	41.7	-7.2
Tobacco	36.3	46.6	-7.0
Clothing and footwear	33.6	48.5	-10.0
Housing, water, electricity, gas and other fuels	36.4	20.1	13.6
Furniture, furnishings, and household equipment and operation	23.6	52.9	-19.2
Health and medical care	35.1	38.4	-2.4
Transportation	19.2	34.3	-11.3
Communication	29.8	7.1	21.1
Recreation and culture	29.2	35.1	-4.4
Education	18.3	12.6	5.1
Restaurants and hotels	29.1	39.2	-7.3
Miscellaneous goods and services	29.7	50.6	-13.8
<b>Total</b>	<b>31.4</b>	<b>34.7</b>	<b>0.5</b>

percent in nominal terms. This is indicative of worse income distribution in 1392 as the mentioned ratio is higher than it was in the year before. In 1392, the average household expenditure in the 10<sup>th</sup> decile was 3.1 times compared with the average household expenditure in urban areas. On the other hand, the average household expenditure in the 1<sup>st</sup> decile constituted only 22.6 percent of the average household expenditure in urban areas, at current prices. Average household expenditure in the 1<sup>st</sup> to 7<sup>th</sup> deciles is lower than the average household expenditure in urban areas. In 1392, growth in gross household expenditure in all deciles was negative in real terms. The highest decrease in the welfare level was related to the 8<sup>th</sup>, 3<sup>rd</sup>, and 6<sup>th</sup> deciles.

Reviewing the share of deciles in various expenditure groups shows that "housing, water, electricity, gas, and other fuels" and "food and beverages" groups had the highest shares in the household budget in all deciles. In the 1<sup>st</sup> decile, these two groups had a total share of 76.1 percent in total household expenditure. Given the higher rate of rental houses for lower deciles compared to higher deciles of households, the higher share of "housing, water, electricity, gas, and other

fuels" group in total household expenditure indicates that this group is affected by the developments of the "rental" index.

**Figure 9.2. Average household expenditure in urban areas compared to average expenditure of different deciles of urban households in 1392**



### Household Expenditure by Provinces

A review of annual household expenditure (gross) in urban areas of various provinces indicates that, in 1392, Kurdistan Province accounted for the highest increase in expenditure by 65.4 percent (at current prices), followed by Ardebil, Hormozgan, and Qazvin Provinces by 50.7, 46.6, and 44.5,

**Table 9.4. Comparison of Average Household Gross Expenditure in Various Deciles in Urban Areas (at current and constant prices)** (ten thousand rials-percent)

	1 <sup>st</sup> decile	2 <sup>nd</sup> decile	3 <sup>rd</sup> decile	4 <sup>th</sup> decile	5 <sup>th</sup> decile	6 <sup>th</sup> decile	7 <sup>th</sup> decile	8 <sup>th</sup> decile	9 <sup>th</sup> decile	10 <sup>th</sup> decile
1391	4,951	8,053	10,391	12,610	15,040	17,951	21,696	26,765	34,765	64,322
1392	6,442	10,318	13,261	16,268	19,450	23,191	27,927	34,364	45,525	87,711
Growth in gross expenditure (current prices)	30.1	28.1	27.6	29.0	29.3	29.2	28.7	28.4	30.9	36.4
Growth in real terms <sup>1</sup>	-0.3	-2.6	-4.1	-3.3	-3.3	-3.8	-4.5	-5.5	-3.9	-0.2

<sup>1</sup> Growth in real terms is calculated based on inflation by expenditure deciles and, therefore, is not comparable with the average household expenditure.

percent, respectively. The lowest increase in expenditure was related to Hamedan Province by 5.1 percent, followed by Zanjan Province by 9.6 percent.

In 1392, the highest number of household members by 4.4 persons belonged to Sistan and Baluchestan Province and the lowest by 3.1 persons to Gilan Province. The average household size in urban areas of provinces was 3.6 persons, with a variance of 0.1 person in this year, remaining unchanged compared with the year before.

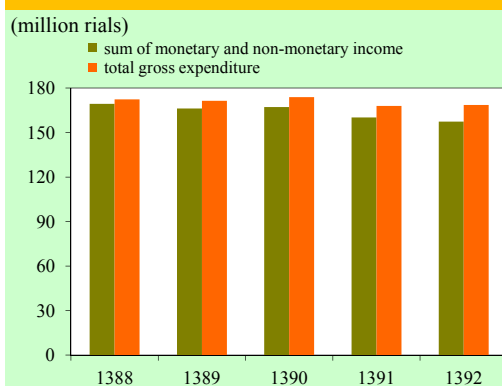
**Household Income**

Gross household income (monetary and non-monetary income) amounted to Rls. 276.9 million (Rls. 23,072 thousand monthly) in 1392, up by 32.4 percent compared with the previous year. Of this amount, 69.2 percent was monetary and 30.8 percent non-monetary income. The major portion of non-monetary income is the "imputed rental value of owner-occupied housing" (80.2

percent), affected by the fluctuations in the housing market, which do not necessarily bring cash income to the households.

In 1392, household income amounted to Rls. 157.4 million, at constant 1390 prices, indicating a deficit in the household budget when compared with the household expenditure in real terms (Rls. 168.6 million).

**Figure 9.3. Comparison of gross household expenditure with income at constant 1390 prices**



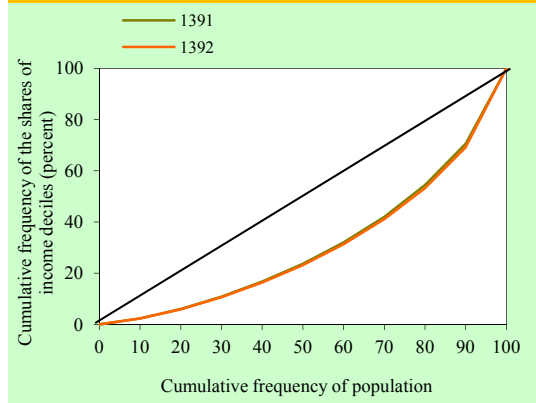
**Table 9.5. Share of Various Expenditure Groups in Deciles in Urban Areas in 1392** (percent)

	1 <sup>st</sup> decile	2 <sup>nd</sup> decile	3 <sup>rd</sup> decile	4 <sup>th</sup> decile	5 <sup>th</sup> decile	6 <sup>th</sup> decile	7 <sup>th</sup> decile	8 <sup>th</sup> decile	9 <sup>th</sup> decile	10 <sup>th</sup> decile	Average share
Food and beverages	30.3	32.0	31.3	31.6	30.8	31.1	29.8	29.5	26.3	18.8	26.3
Tobacco	1.1	0.8	0.8	0.6	0.6	0.5	0.4	0.4	0.3	0.2	0.4
Clothing and footwear	2.0	3.0	3.5	4.1	4.5	4.7	5.1	4.9	5.0	4.8	4.6
Housing, water, electricity, gas and other fuels	45.8	40.0	36.8	34.5	32.8	31.1	30.4	29.5	31.0	37.8	34.1
Furniture, furnishings and household equipment and operation	2.1	2.5	2.8	3.0	3.7	3.9	4.0	4.5	4.8	4.8	4.2
Health and medical care	4.7	4.5	4.7	5.2	5.1	5.4	6.0	6.0	6.3	5.6	5.6
Transportation	3.6	4.4	5.5	5.6	6.3	6.3	6.9	7.8	8.9	12.1	8.5
Communication	2.6	2.6	2.5	2.5	2.4	2.3	2.1	2.0	2.0	1.6	2.0
Recreation and culture	0.9	1.2	1.5	1.6	1.9	2.2	2.2	2.4	2.7	2.7	2.3
Education	0.6	1.1	1.4	1.7	1.8	1.9	2.1	2.0	1.9	1.7	1.8
Restaurants and hotels	0.7	1.1	1.4	1.3	1.6	1.7	1.9	2.2	2.5	2.4	2.1
Miscellaneous goods and services	5.6	6.7	7.7	8.1	8.5	8.8	9.0	8.7	8.3	7.5	8.1

### Measurement and Analysis of Income Inequality

Gini coefficient increased by 3.1 percent and reached 0.3952 in 1392. Moreover, the ratio of the income of the richest 10 percent to the poorest 10 percent increased from 12.9 times in 1391 to 13.8 times in 1392. A review of the shares of various income deciles in total income shows that the share of the 1<sup>st</sup> decile remained unchanged, shares of the 2<sup>nd</sup> to 9<sup>th</sup> deciles decreased compared with the previous year, and the share of the 10<sup>th</sup> decile increased. As expected, increase in prices adversely affected low-income groups in this year. Therefore, the income gap between the high- and low-income families has widened. Equal distribution of cash handouts, regardless of the inflation rate, led to a rise in Gini coefficient and worsened income distribution.

**Figure 9.4. Comparison of Lorenz Curves**



**Table 9.6. Income Inequality Metrics in Urban Areas**

	1391	1392
Gini coefficient	0.3834	0.3952
Share of 40 percent of low-income households (percent)	16.7	16.2
Share of 40 percent of middle-income households (percent)	37.7	36.9
Share of 20 percent of high-income households (percent)	45.6	46.9
Ratio of richest 10 percent to poorest 10 percent of households	12.9	13.8

### Social Security

#### Non-contributory Coverage

In 1392, total number of people covered by Imam Khomeini Relief Foundation increased by 2.9 percent to 6.0 million persons, constituting almost 7.7 percent of the total population. This increase was attributable to the rise in the number of ad hoc recipients. The grants provided by this Foundation amounted to Rls. 49.5 trillion, showing 14.2 percent increase compared with 1391.

**Table 9.7. Number of People Covered by Imam Khomeini Relief Foundation and Grants Provided**

	1390	1391	1392	Percentage change	
				1391	1392
Total number of covered people (thousand persons)	6,283	5,833	6,005	-7.2	2.9
Value of grants (billion rials)	41,307.4	43,381.4	49,542.8	5.0	14.2

Source: Imam Khomeini Relief Foundation.



*Contributory Coverage*

Social Security Organization, Iran Health Insurance Organization<sup>1</sup>, as well as some independent Funds are responsible for the provision of contributory insurance. In 1392, Social Security Organization and Iran Health Insurance Organization collectively covered about 73.0 million persons, showing 1.5 percent growth compared with the previous year.

The Social Security Organization (SSO) insures workers and employees, who are subject to the Labor Law, through obligatory partnership plans. This organization insures the self-employed parties through contracts. In 1392, the number of the main insured reached 12,808.0 thousand persons, showing 4.2 percent increase compared with the year before.

In this year, total number of people insured by the Social Security Organization increased by 4.4 percent to 39.2 million, of whom 4.9 million were pensioners and the remaining received insurance services. The number of the retired people under the coverage of Social Security Organization reached 1,376.3 thousand, registering 15.9 percent rise compared with the previous year.

Iran Health Insurance Organization, affiliated to the Ministry of Cooperatives, Labor, and Social Welfare, extends health

insurance coverage to civil servants and their dependents, rural dwellers, and the self-employed people. In 1392, the number of those insured by Iran Health Insurance Organization went down by 1.6 percent to 33,762 thousand persons. In respect of the implementation of Public Medical Service Insurance Coverage Act in the rural areas as of 1377, about 68.6 percent of total people insured by this organization in 1392 were rural dwellers (23,173.1 thousand).

*Rural Dwellers' Social Insurance*

Rural Dwellers' Social Insurance Project was put into operation as of the beginning of the 4<sup>th</sup> FYDP. Based on the Structural Rules of the Comprehensive System of Welfare and Social Security, Rural Insurance Fund insures farmers and other villagers on a voluntary basis. As a result, the activities of this Fund are expanded through brokerage firms. The number of brokerage firms amounted to 3,523 in 1392. Compared to the respective figure of the year before, 11 new brokerage firms were added in this year.

In 1392, the amount approved by the government as contribution to Rural Dwellers' Social Insurance Fund increased by 16.1 percent to Rls. 3,020.6 billion of which, 85.0 percent was actually allocated.

<sup>1</sup> Based on Article 38 of the 5<sup>th</sup> FYDP Law, Iran Health Insurance Organization, taking over all the duties of the Medical Services Insurance Organization, was established in 1391, with the aim of mobilization of financial resources in the health sector, elimination of overlapping health insurance programs, better social justice in the health and medical care sector, provision of medical insurance for all the uncovered Iranians, harmonization of health insurance policies and executive measures, organization of the insured parties' affairs, formation of health files, activation of the family physician project, and reduction of the share of the insured parties in health costs to 30 percent.

**Table 9.8. Number of Brokerage Firms and People Insured by Rural Insurance Fund**

	1391	1392	Percentage change
Main insured	1,047,873	1,144,179	9.2
Brokerage firms	3,512	3,523	0.3

Source: Rural Dwellers' Social Insurance Fund.



## Human Development Indices

### Human Development Index (HDI) in Iran

The 2015 Human Development Report (HDR) published for the United Nations Development Programme (UNDP), titled "Rethinking Work for Human Development", focuses on labor market conditions. Based on the mentioned report, as of the beginning of United Nations Development Programme and HDR publication in 1990 (25 years ago), most countries have registered significant human development.

Human Development Report 2015 ranks Iran 69 in HDI among 188 countries in 2014. The HDI value for Iran was 0.766 in 2014. The highest HDI in countries with very high human development was 0.944 in 2014, indicating an improvement compared with 0.942 in 2013. Average world HDI was 0.711 in 2014, up by 0.002 points compared to 2013. It is noteworthy that this report considers four Human Development Index groups including very high human development, high human development, medium human development, and low human development. Countries with HDI values between 0.700 and 0.800 are the countries with high human development. Accordingly, Norway had the highest HDI value by 0.944, and Iran was ranked among countries with high human development in 2014.

### Selected Human Development Indices

Among indices referred to in the 2015 Human Development Report is overall life satisfaction which varies from 0 (lowest life satisfaction) to 10 (highest life satisfaction). In 2014, Life Satisfaction Index (LSI) for the global population was 5.3 and for Iran, it was estimated at 4.7 which was lower than the world average. The highest LSI by 7.5 was related to Switzerland and Denmark.

Based on the 2015 report, maternal mortality ratio was 14.4 per 1,000 live births in Iran in 2013. In 2014, life expectancy at birth was 74.3 years for males and 76.5 years for females, which is higher than the world average (69.5 and 73.7 years, respectively).

Gender Inequality Index (GII) measure contains three dimensions of reproductive health, empowerment, and labor market participation, indicating that countries with unequal distribution of human development also experience high inequality between men and women, and countries with high gender inequality also experience unequal distribution of human development. This measure ranges from 0, which indicates that men and women fare equally, to 1 which is indicative of highest gender inequality.

According to the 2015 Human Development Report, Iran ranked 114 in 2014 in GII

**Table 9.9. Iran's HDI Value**

	2000	2010	2011	2012	2013 ▲	2014	Change in rank	Annual average growth rate (percent)	
							2009-2014	2000-2010	2010-2014
HDI	0.665	0.743	0.751	0.764	0.764	0.766	7	1.11	0.74

## Chapter 9 SOCIAL AFFAIRS AND HOUSEHOLD WELFARE

among 188 countries whose data were available. Slovenia and Switzerland ranked respectively 1<sup>st</sup> and 2<sup>nd</sup> in 2014 in GII. This indicates that the lowest gender inequality is found in these two countries.

Another index referred to in the 2015 Human Development Report is the percentage

of women holding seats in the national parliament. In 2014, the share of parliamentary seats held by Iranian women was 3.1 percent. This index was 14.0 percent for Arab States, 18.7 percent in Europe and Central Asia, 20.5 percent in less developed countries, 19.4 percent in the United States, and 21.8 percent for the world (average).