

In 1395, household final consumption expenditure rose 3.8 percent (at constant 1390 prices) to Rls. 2,722.8 trillion. Approximately 1.6 percentage points of the 13.4 percent increase in GDE in this year (at market price) was related to the rise in the household final consumption expenditures.

### Socioeconomic Characteristics of Households in Urban Areas

Household Budget Survey conducted by the CBI shows that the average number of household members decreased by 1.5 percent from 3.38 in 1394 to 3.33 in 1395. This was owing to the rise in the share of two-member households and the fall in the shares of five-, six-, and seven-member households. Households with four and three members had the highest shares of households by 29.4 and 28.6 percent, respectively, in 1395. This indicated 0.4 and 0.5 percentage points increase compared with 1394.

Distribution of household members by age groups reveals that 24.8 percent of household members in 1395 were in the age group of 16-30 years of age. Comparing this share with respective figures in previous years indicates a downward trend. Moreover, 12.6 percent of household members were above 60 years old, remaining unchanged compared with 1394. Over the coming years, the share of this age group in total population is expected to increase.

Reviewing the literacy rate among household members of 6+ years old in 1395 revealed that 10.8 percent of household members were illiterate, indicating a decrease compared with the 11.7 percent of the previous year. The share of the university-educated members in total household members increased from 23.1 percent in 1394 to 23.8 percent in 1395.

Distribution of households' employed members based on expenditure deciles shows that of total households in the 1<sup>st</sup> decile, 41.0 percent had no employed members in 1395. In the 1<sup>st</sup> decile, about 0.8 percent of households were with three employed members and more. The mentioned share in the 2<sup>nd</sup> decile was 1.6 and in the 3<sup>rd</sup> decile, 2.9 percent. This is indicative of low incomes of the employed members in low-income households. Reviewing the characteristics of the high-income deciles reveals that 48.2 percent of the households in the 10<sup>th</sup> decile had one employed person. Moreover, 8.6 percent of total households with one employed person were in the 10<sup>th</sup> decile.

A study of the distribution of the employed household members based on the economic activity indicates that the highest share by 22.8 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 21.3 percent, "mining, manufacturing, and utilities" by 18.2 percent, and "construction" by 13.4 percent. Comparing

these shares with the corresponding figures of 1394 shows that the share of the employed household members in "wholesale, retail trade, restaurants, and hotels" group increased while the shares of the three other groups declined in this year.

The share of households who are homeowners residing in their owner-occupied dwellings decreased from 65.0 percent in 1394 to 64.3 percent in 1395. It is to be noted that with regard to expenditure deciles, 7.8 percent of households residing in owner-occupied houses in 1395 were in the 1<sup>st</sup> decile, 8.1 percent in the 2<sup>nd</sup> decile, 9.0 percent in the 3<sup>rd</sup> decile, and 12.1 percent (the highest) in the 10<sup>th</sup> decile. In this year, 26.2 percent of households were residing in rental houses, up by one percentage point compared with the year before. Of total households in the 1<sup>st</sup> decile, 32.4 percent were residing in rental houses, showing 1.9 percentage points decrease compared with 1394.

A review of utilities used by urban households in 1395 indicates that 99.4 percent of households had access to piped water, 100.0 percent to electricity, 94.4 percent to piped natural gas, and 51.7 percent to sewage system. In this year, about 50.5 percent of households had access to internet, indicating 12.6 percentage points increase compared with 1394. Moreover, 48.6 percent of households owned an automobile and 96.3 percent had cell phones.

### Household Budget Survey

According to the Economic Statistics Department of the Central Bank, total annual household expenditure (gross)<sup>1</sup> in urban areas increased by 11.4 percent in 1395 and amounted to Rls. 393.0 million at current

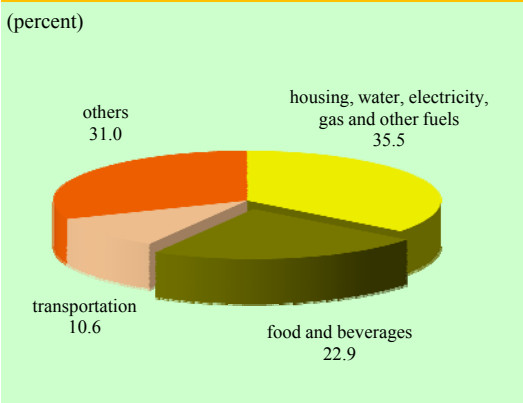
prices (Rls. 32.8 million monthly). In this year, the average annual household expenditure (gross) in urban areas, at constant 1395 prices, was also Rls. 393.0 million, indicating 2.2 percent increase compared with 1394. Comparing the minimum nominal wage in 1395 (Rls. 8,122 thousand per month) with the nominal monthly expenditure on "food and beverages" group at Rls. 7,498 thousand indicates that in case a household with a minimum wage opts for a consumption level equal to that of the sample urban household or the average society in terms of spending on "food and beverages", it will have to allocate about 92.3 percent of its minimum wage to this group.

The gross household expenditure based on expenditure groups indicates that expenditures on "tobacco", "transportation", and "restaurants and hotels" increased by respectively 19.3, 16.1, and 13.1 percent at current prices in 1395, the highest compared with other groups. In this year, the share of "food and beverages" group in total household expenditure decreased from 23.6 percent in the year before to 22.9 percent in 1395, indicating lower household spending on this group compared with 1394. Household expenditure on this group increased by 8.0 percent in 1395, higher than the 3.1 percent growth of 1394. Considering 8.2 percent increase in the CPI of this group in 1395, household expenditure on this group decreased by 0.1 percent in real terms.

The total share of "food and beverages", "housing, water, electricity, gas, and other fuels", and "clothing and footwear" groups was 62.7 percent at current prices, compared with 63.1 percent total share of these groups in 1394. This indicates that households have allocated a lower share of their income to essential goods and services in 1395.

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

**Figure 9.1. Share of expenditure groups in urban areas in 1395**

Annual household expenditure (gross) at constant 1395 prices indicates reduction of expenditures on "health and medical care", "education", "clothing and footwear" and "food and beverages" while other groups experienced growth in expenditures in real

terms. The highest increases were related to "transportation", "tobacco", and "communication" by 8.5, 8.4, and 7.4 percent, respectively.

Comparing the inflation rate among various expenditure groups indicates that the highest inflation was related to "health and medical care", "education", and "tobacco" in 1395.

### Analysis of Household Expenditure by Deciles

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 14.4 in 1395, i.e. the richest 10 percent had an average expenditure of 14.4 times that of the poorest 10 percent in nominal terms, which was higher than the year before. This was indicative of the worsening of income distribution metrics.

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

	1393	1394	1395	Percentage change		Share (percent)	
				1394	1395	1394	1395
Food and beverages	8,080.7	8,327.6	8,997.6	3.1	8.0	23.6	22.9
Tobacco	115.9	111.8	133.4	-3.6	19.3	0.3	0.3
Clothing and footwear	1,524.3	1,589.7	1,691.4	4.3	6.4	4.5	4.3
Housing, water, electricity, gas and other fuels	10,990.2	12,349.6	13,943.5	12.4	12.9	35.0	35.5
Furniture, furnishings, and household equipment and operation	1,360.0	1,453.6	1,577.7	6.9	8.5	4.1	4.0
Health and medical care	1,903.1	2,054.9	2,315.3	8.0	12.7	5.8	5.9
Transportation	3,404.3	3,603.4	4,185.1	5.8	16.1	10.2	10.6
Communication	703.0	748.9	832.2	6.5	11.1	2.1	2.1
Recreation and culture	772.7	694.0	764.9	-10.2	10.2	2.0	1.9
Education	617.0	652.4	734.4	5.7	12.6	1.9	1.9
Restaurants and hotels	655.3	740.2	836.8	13.0	13.1	2.1	2.1
Miscellaneous goods and services	2,749.4	2,938.9	3,288.4	6.9	11.9	8.3	8.4
<b>Total</b>	<b>32,876.0</b>	<b>35,265.1</b>	<b>39,300.6</b>	<b>7.3</b>	<b>11.4</b>	<b>100.0</b>	<b>100.0</b>

## Chapter 9 SOCIAL AFFAIRS AND HOUSEHOLD WELFARE

In 1395, the average household expenditure in the 10<sup>th</sup> decile was 3.1 times that of the average household expenditure in urban areas at current prices. On the contrary, the average household expenditure in the 1<sup>st</sup> decile was

only 0.2 times that of the average household expenditure in urban areas in nominal terms. Average household expenditure in the 1<sup>st</sup> to the 7<sup>th</sup> deciles is lower than the average household expenditure in urban areas.

**Table 9.2. Comparison of Changes and Share of Expenditure Groups in Gross Household Expenditure in Urban Areas (at constant 1395 prices)** (ten thousand rials)

	1393 ▲	1394 ▲	1395	Percentage change		Share (percent)	
				1394	1395	1394	1395
Food and beverages	9,647.6	9,009.3	8,997.6	-6.6	-0.1	23.4	22.9
Tobacco	123.6	123.0	133.4	-0.4	8.4	0.3	0.3
Clothing and footwear	1,794.8	1,694.8	1,691.4	-5.6	-0.2	4.4	4.3
Housing, water, electricity, gas and other fuels	13,508.4	13,522.7	13,943.5	0.1	3.1	35.2	35.5
Furniture, furnishings, and household equipment and operation	1,511.3	1,528.5	1,577.7	1.1	3.2	4.0	4.0
Health and medical care	2,750.2	2,398.8	2,315.3	-12.8	-3.5	6.2	5.9
Transportation	4,048.0	3,858.0	4,185.1	-4.7	8.5	10.0	10.6
Communication	753.8	775.1	832.2	2.8	7.4	2.0	2.1
Recreation and culture	964.5	753.9	764.9	-21.8	1.5	2.0	1.9
Education	833.4	756.8	734.4	-9.2	-3.0	2.0	1.9
Restaurants and hotels	833.3	810.1	836.8	-2.8	3.3	2.1	2.1
Miscellaneous goods and services	3,351.2	3,224.3	3,288.4	-3.8	2.0	8.4	8.4
<b>Total<sup>1</sup></b>	<b>40,120.0</b>	<b>38,455.3</b>	<b>39,300.6</b>	<b>-4.1</b>	<b>2.2</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 constant 1395 prices.

**Table 9.3. Comparison of Growth in Household Gross Expenditure in Urban Areas with Inflation for Different Expenditure Groups in 1395** (percent)

	Growth in household gross expenditure at current prices	Inflation	Growth in household gross expenditure in real terms
Food and beverages	8.0	8.2	-0.1
Tobacco	19.3	10.0	8.4
Clothing and footwear	6.4	6.6	-0.2
Housing, water, electricity, gas and other fuels	12.9	9.5	3.1
Furniture, furnishings, and household equipment and operation	8.5	5.2	3.2
Health and medical care	12.7	16.7	-3.5
Transportation	16.1	7.1	8.5
Communication	11.1	3.5	7.4
Recreation and culture	10.2	8.6	1.5
Education	12.6	16.0	-3.0
Restaurants and hotels	13.1	9.5	3.3
Miscellaneous goods and services	11.9	9.7	2.0
<b>Total</b>	<b>11.4</b>	<b>9.0</b>	<b>2.2</b>

In 1395, gross household expenditure in all deciles increased in real terms compared with the year before. The highest increases in this year were related to the 10<sup>th</sup>, 2<sup>nd</sup>, and 9<sup>th</sup> deciles, respectively.

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> and 2<sup>nd</sup> deciles, the collective shares of these two groups were respectively 76.9 and 71.6 percent in total household expenditure. Given the higher rate of rental houses for lower deciles compared to other deciles, 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 "housing rental index".

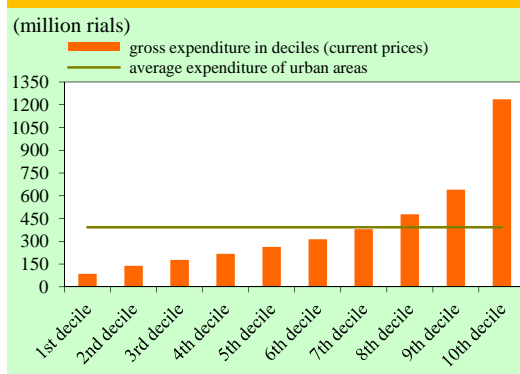
### Household Expenditure by Provinces

A review of annual household expenditure (gross) in urban areas of various provinces indicates that Tehran Province accounted for the highest expenditure in 1395 while Lorestan Province accounted for the lowest expenditure at both current and constant 1395 prices. The average expenditure of a

household in Tehran was 2.8 times that of a household in Lorestan at both current and constant 1395 prices. This is indicative of higher income inequality among different provinces compared to the corresponding figure of the year before (2.4 times).

In 1395, the highest number of household members (4.4 persons) belonged to Sistan and Baluchestan Province and the lowest by 2.9 persons, to Gilan. Considering the household size, the highest expenditure per capita, at current and constant prices, belonged to Tehran and the lowest was related to Sistan and Baluchestan Province.

**Figure 9.2. Average household expenditure in urban areas compared to average expenditure of different deciles of urban households in 1395**



**Table 9.4. Household Gross Expenditure by Income Deciles in Urban Areas (at current and constant 1395 prices)**

	(ten thousand rials)									
	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
<b>Gross expenditure (current prices)</b>										
1394	7,841	12,435	16,083	19,729	23,859	28,652	34,792	43,415	57,611	108,228
1395	8,598	13,864	17,765	21,790	26,266	31,305	38,014	47,760	64,019	123,633
Growth in gross expenditure (current prices) (percent)	9.7	11.5	10.5	10.4	10.1	9.3	9.3	10.0	11.1	14.2
Growth in real terms (percent) <sup>1</sup>	0.5	2.2	1.3	1.3	1.2	0.2	0.4	1.1	2.1	4.8

<sup>1</sup> Calculated based on inflation by expenditure deciles and not comparable with the average household expenditure.

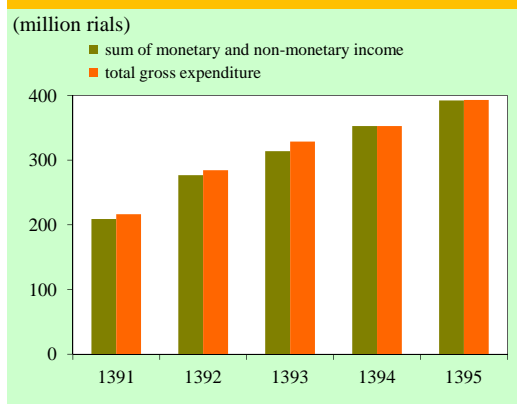
### Household Income

In 1395, gross average household income (monetary and non-monetary income) rose by 11.3 percent compared with the year before and amounted to Rls. 392.4 million (Rls. 32.7 million monthly). Out of the mentioned amount, 69.3 percent was monetary and 30.7 percent non-monetary income. The major portion of the non-monetary income was related to the "imputed rental value of owner-occupied dwellings" in 1395, affected by the fluctuations of the housing market and not necessarily bringing cash income to households.

Comparing the average amount of household income at Rls. 392.4 million in this year with the average household expenditure at Rls. 393.0 million at current prices indicates

that households have spent slightly more than they have earned in 1395.

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



**Table 9.5. Decomposition of Expenditure Groups by Deciles in Urban Areas in 1395**

	(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	26.6	27.8	27.6	27.2	27.4	26.2	26.3	25.1	23.0	16.9	22.9
Tobacco	1.0	0.8	0.6	0.5	0.5	0.3	0.4	0.3	0.3	0.2	0.3
Clothing and footwear	1.4	2.2	2.9	3.2	3.7	3.9	4.4	4.7	4.7	5.0	4.3
Housing, water, electricity, gas and other fuels	50.3	43.8	40.8	38.3	35.9	34.8	33.1	32.3	31.8	36.2	35.5
Furniture, furnishings and household equipment and operation	1.6	2.2	2.7	3.1	3.1	3.6	4.0	4.3	4.4	4.7	4.0
Health and medical care	4.4	4.8	4.9	5.2	5.2	5.7	5.6	6.4	6.4	6.2	5.9
Transportation	4.3	5.4	5.9	6.9	7.2	7.8	8.8	9.5	12.1	14.8	10.6
Communication	2.8	2.8	2.7	2.7	2.6	2.5	2.4	2.2	2.0	1.5	2.1
Recreation and culture	0.7	1.1	1.4	1.4	1.7	1.6	2.0	1.9	2.1	2.4	1.9
Education	0.7	0.9	1.2	1.4	1.8	2.0	1.8	2.0	2.0	2.1	1.9
Restaurants and hotels	0.5	0.9	1.1	1.4	1.7	1.8	2.0	2.2	2.5	2.7	2.1
Miscellaneous goods and services	5.6	7.3	8.2	8.7	9.1	9.6	9.2	9.2	8.6	7.4	8.4

## Measurement and Analysis of Income Inequality

Gini coefficient increased by 1.5 percent and reached 0.4046 in 1395. The ratio of the income of the richest 10 percent of households to the poorest 10 percent increased from 13.8 times in 1394 to 14.4 times in 1395. The share of the 20 percent of high-income households rose 0.8 percentage point from 47.0 percent in 1394 to 47.8 percent in 1395. A review of the shares of income deciles in total income shows that the share of the 10<sup>th</sup> decile increased, shares of the 1<sup>st</sup>, 2<sup>nd</sup>, and 9<sup>th</sup> deciles remained unchanged, and shares of the remaining deciles decreased compared with 1394. Therefore, income distribution in 1395 was in favor of the high-income groups but not the middle-income ones.

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

	1394	1395
Gini coefficient	0.3988	0.4046
Share of 40 percent of low-income households (percent)	15.9	15.8
Share of 40 percent of middle-income households (percent)	37.1	36.5
Share of 20 percent of high-income households (percent)	47.0	47.8
Ratio of richest 10 percent to poorest 10 percent of households	13.8	14.4

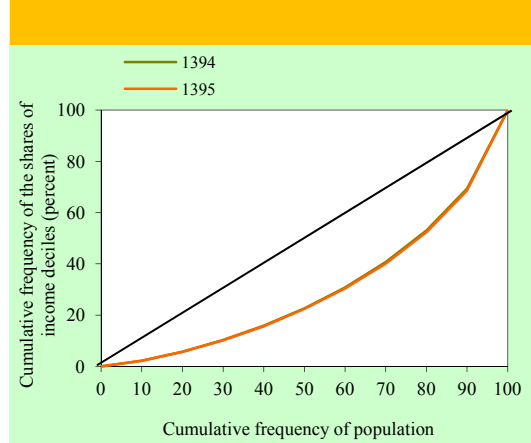
Source: CBI.

## Social Security

### Non-contributory Coverage

In 1395, the number of people covered by Imam Khomeini Relief Foundation declined by 15.4 percent (547 thousand persons) to 2,998 thousand persons. The foundation's new approach focusing on empowerment rather than mere financial support had a key role in this reduction. The provided grants decreased by 1.5 percent compared with 1394, at constant 1395 prices.

**Figure 9.4. Lorenz Curve**



### 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 Iran. In 1395, total number of people covered by Social Security Organization and Iran Health Insurance Organization decreased by 0.3 percent to about 79.6 million persons.

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 1395, the number of the main insured parties reached 13.8 million persons, showing 0.5 percent increase compared with 1394.

<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.

The total number of the main and dependent insured parties as well as pensioners under the coverage of the Social Security Organization rose 0.1 percent to 41.4 million in 1395, of whom 5.7 million were pensioners and the remaining received insurance services. The number of the retired people under the coverage of this organization increased by 8.1 percent to reach 1,631.0 thousand.

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 1395, the number of those insured by this organization decreased by 0.7 percent to 38.2 million persons. Approximately 8.8 million persons were under the coverage of the Public Health Insurance Law, indicating 3.3 percent fall compared with 9.1 million persons in 1394. Moreover, the number of those covered by the staff and other groups' funds declined in this year while the number of persons covered by the rural dwellers' fund increased by 2.3 percent, balancing the total number of those insured by Iran Health Insurance Organization.

***Rural Dwellers' Social Insurance***

According to the Structural Rules of the Comprehensive System of Welfare and Social Security, Rural Dwellers' Social 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 reached 3,500 in 1395, indicating 2.2 percent decrease compared to the respective figure of the year before (3,579).

In 1395, the amount approved to be contributed by the government to Rural Dwellers' Social Insurance Fund increased

by 13.9 percent to Rls. 4,100.0 billion, 79.0 percent of which was actually allocated.

**Table 9.7. Number of Brokerage Firms and People Insured by Rural Insurance Fund**

	1394	1395	Percentage change
Main insured	1,426,900	1,509,018	5.8
Brokerage firms	3,579	3,500	-2.2

Source: Rural Dwellers' Social Insurance Fund.

**Human Development Indices<sup>1</sup>**

***Human Development Index (HDI) in Iran***

Based on the 2018 Human Development Report (HDR) published for the United Nations Development Program (UNDP), Iran, with an HDI value of 0.796, ranked 61 among 188 countries in 2016. As of the beginning of United Nations Development Program and HDR publication in 1990, most countries have registered significant human development. The average HDI in 56 countries enjoying very high human development was 0.892 in 2016, indicating an improvement compared with 0.890 in 2015. Average world HDI was 0.726 in 2016, up by 0.004 points compared to 2015. 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. Norway had the highest HDI value of 0.951 and Iran was ranked among countries with high human development in 2016.

***Selected Human Development Indices***

Based on the 2018 Report, maternal mortality ratio for Iran was 13.0 per 1,000 live births in 2016. Life expectancy at birth

<sup>1</sup> Based on the 2018 Human Development Report (HDR).



was 77.1 years for women and 74.9 years for men in 2016, which is higher than the average figure for the countries under study (74.1 and 69.3 years, respectively).

Gender Inequality Index (GII) 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 the highest gender inequality.

According to the 2018 Human Development Report, the GII for Iran was 0.459, indicating improvement compared with the respective figure of 2015 (0.512). Iran ranked 104 in 2016 in GII among 159 countries whose data were available. Switzerland and Denmark ranked respectively 1<sup>st</sup> and 2<sup>nd</sup> in 2016 in GII. This indicates that the lowest gender inequality is found in these two countries.

Another index referred to in the 2018 Human Development Report is the percentage of women holding seats in the national parliament. In 2016, the share of parliamentary

seats held by Iranian women increased to 5.9 percent. This index was 14.9 percent in Turkey, 26.5 percent in Iraq, 27.4 percent in Afghanistan, 19.5 percent in the United States, 19.9 percent in Saudi Arabia, and 36.9 percent in Germany.

### 5<sup>th</sup> Five-Year Development Plan (1390-1395)

Based on the 20-Year Vision Document, the plan for Iran is to be a developed nation, with eradication of absolute poverty by the year 1404. Moreover, the Vision Document projects that social justice, relative welfare, food security, equal opportunities, and balanced income distribution will prevail by the target year of 1404. The 5<sup>th</sup> FYDP is the 2<sup>nd</sup> Program in the course of the 20-Year Vision Plan, which stipulates some quantitative targets for the realization of the Vision Document. The general policies of the 5<sup>th</sup> FYDP are mainly focused on economic growth and development, based on social justice, bridging the gap between different income groups, and raising the welfare level of low-income households with the aim of expanding social justice.

According to the quantitative targets of the 5<sup>th</sup> FYDP, Gini coefficient for the whole country was projected to decrease to 0.35<sup>1</sup> for the last year of the Plan (1395). Based on

**Table 9.8. Iran's HDI Value**

	2000	2010	2012	2014	2015	2016	Annual average growth rate (percent)	
							2000-2010	2010-2016
HDI	0.670	0.755	0.781	0.788	0.789	0.796	1.20	0.89

Source: The 2018 Human Development Report.

<sup>1</sup> Since CBI data on income distribution include only urban areas, the SCI data were used for reviewing the 5<sup>th</sup> FYDP performance.

the SCI, Gini coefficient decreased by an annual average rate of 0.8 percent from 0.4099 in 1389 to 0.3900 in 1395, indicating that the targets of the Plan have not been fully realized.

Another important indicator of income distribution is the ratio of the richest 10 percent of households to the poorest 10 percent. According to the SCI, this ratio decreased from 14.7 times in 1389 to 10.7 times in 1392 and then started to increase to come to 13.0 times in the last year of the Plan. The annual average rate of this variable was 11.8 times. The 5<sup>th</sup> FYDP did not stipulate a target figure for this ratio.

Reviewing the share of income deciles in total over the plan period shows that the share of 40 percent of low-income households (the first four income deciles) increased from 15.5 percent in 1389 to its highest level of 17.9 percent in 1392. This trend later reversed and the mentioned share decreased to 16.7 percent in 1395. The share of 40 percent of middle-income households rose from 36.2 percent in 1389 to its highest

(37.7 percent) in 1391 but later decreased to 36.7 percent in 1395. The share of 20 percent of high-income households (9<sup>th</sup> and 10<sup>th</sup> deciles), on the other hand, decreased from 48.2 percent in 1389 to its lowest rate of 44.6 percent in 1391. In 1395, this ratio again increased to 46.7 percent.

A review of the general performance of income distribution metrics over the course of the Plan is indicative of the fact that the mentioned indices improved after the implementation of Targeted Subsidy Plan in 1389 and continued this favorable trend until three years later (1392). In the last year of the Plan (1395), however, these indices experienced unfavorable conditions. One factor behind this underperformance was the inflationary conditions of the 1390-1392 period. In case revisions in the form of elimination of high-income households from the list of cash subsidy receivers and the rise in the amounts paid to low-income groups had been made to the Targeted Subsidy Plan, the target figure for the Gini coefficient at 0.35 (quantitative target of the Plan) would have been realized.

**Table 9.9. Income Distribution Metrics and Household Welfare Position during the 5<sup>th</sup> FYDP**

	Base year	Years						Annual average rate (1390-1395)
	1389	1390	1391	1392	1393	1394	1395	
Gini coefficient	0.4099	0.3700	0.3659	0.3650	0.3788	0.3851	0.3900	-0.8 <sup>1</sup>
Ratio of richest 10 percent to poorest 10 percent of households (times)	14.7	11.1	10.8	10.7	12.3	12.6	13.0	11.8
Share of 40 percent of low-income households (percent)	15.5	17.6	17.8	17.9	17.2	17.0	16.7	17.4
Share of 40 percent of middle-income households (percent)	36.2	37.4	37.7	37.4	37.2	36.7	36.7	37.2
Share of 20 percent of high-income households (percent)	48.2	45.0	44.6	44.6	45.7	46.4	46.7	45.5

Source: Statistical Center of Iran (SCI).

<sup>1</sup> Annual average growth rate during the plan period (1390-1395).