

In 2019/20, household final consumption expenditure decreased by 4.7 percent (at constant 2016/17 prices) to Rs. 6,985.0 trillion. The share of household final consumption expenditure in GDE was 49.1 percent at current prices, up by 1.1 percentage points compared with 2018/19.

9.1. Socioeconomic Characteristics of Households in Urban Areas

Household Budget Survey conducted by the CBI showed that the average household size remained unchanged at 3.24 persons in 2019/20. Households with four and three members enjoyed the highest shares by respectively 28.3 and 27.7 percent, which indicated an increase of 0.2 percentage point as against a decrease of 0.1 percentage point, respectively, compared with 2018/19. The distribution of household members by age groups shows that 21.6 percent of household members in 2019/20 were in the age group of 16-30 years of age. Comparing this share with respective figures in previous years indicates a downward trend in the share of youth in households. Moreover, 15.6 percent of household members were above 60 years old, showing an increase of 0.5 percentage point compared with the year before. 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 2019/20

reveals that 10.9 percent of household members were illiterate, indicating a decrease compared with 11.2 percent in the previous year. The share of university-educated members in total remained unchanged at 23.3 percent.

Distribution of households' employed members based on expenditure deciles indicates that of all households in the 1st decile, 41.5 percent had no employed members in 2019/20. In the 1st decile, about 1.3 percent of households were with three employed members and more. The mentioned share in the 2nd decile was 2.0 and in the 3rd decile, 2.8 percent. This is indicative of low earnings of the employed members in low-income deciles. Reviewing the characteristics of the high-income deciles reveals that 47.4 percent of the households in the 10th decile had one employed person. Moreover, 8.8 percent of households with one employed person belonged to the 10th decile.

A study of the distribution of employed household members based on economic activity shows that the highest share by 22.7 percent was related to household members employed in "wholesale, retail trade, restaurants, and hotels" group in 2019/20. Next on the list were "community, social, and personal service activities" group by 20.6 percent and "manufacturing and mining" group by 17.8 percent.

The share of households as homeowners residing in their owner-occupied dwellings rose from 66.1 percent in 2018/19 to 66.6 percent in 2019/20. With regard to expenditure deciles, 7.8 percent of households residing in owner-occupied houses were in the 1st decile, with 8.2 percent being in the 2nd, 9.1 percent in the 3rd, and 12.7 percent (the highest) in the 10th deciles. In this year, 23.9 percent of households were residing in rental houses, down by 0.7 percentage point compared with 2018/19. Of all households in the 1st decile, 29.8 percent were residing in rental houses, down by 1.6 percentage points. This share was 9.2 percent for households in the 10th decile.

A review of utilities used by urban households in 2019/20 indicates that 99.6 percent of households had access to piped water, 100.0 percent to electricity, 95.1 percent to piped natural gas, and 56.4 percent to the sewage system. About 71.7 percent of households had access to internet, up by 4.1 percentage points. Moreover, 50.7 percent of households owned an automobile and 97.0 percent had cell phones. The share of households with membership in social media increased by 4.1 percentage points compared with 2018/19, to 70.7 percent.

9.2. Household Budget Survey

According to the Economic Statistics Department of the CBI, household expenditure (gross)¹ in urban areas increased by 28.7 percent to Rls. 671.8 million in 2019/20 at current prices (Rls. 56.0 million monthly).

¹ Sums offered as alimony and nazr (vow) or on charity purposes are not regarded as expenditure, if paid to another household. It also excludes expenditures on tax and retirement savings. Household spending on the purchase, construction, improvement, and maintenance of buildings and the purchase of phone subscription (landline and cellphone) as well as gold and silver coins are considered as investment and, hence, not included in household expenditure (gross). In other words, gross household expenditure (nominal) includes all expenditures, excluding those on job and investment.

Household expenditure (gross) in urban areas was Rls. 348.2 million at constant 2016/17 prices, indicating a decrease of 5.3 percent compared with the year before. A comparison of the nominal minimum wage (Rls. 15,169 thousand monthly) with the nominal expenditure on "food and non-alcoholic beverages" (Rls. 14,139 thousand monthly) indicates that a household with the minimum wage will have to allocate about 93.2 percent of its income to "food and non-alcoholic beverages" group. This is against the backdrop of the household's opting for a consumption level equal to that of the sample urban household or the average society.

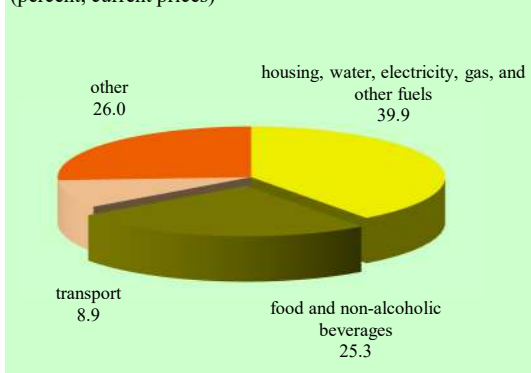
Comparing household expenditure in urban areas on various expenditure groups indicates that spending on "housing, water, electricity, gas, and other fuels" and "food and non-alcoholic beverages" increased by respectively 36.9 and 28.6 percent at current prices in 2019/20, the highest compared with other groups. The shares of these two groups in household expenditure were 39.9 and 25.3 percent, respectively, together constituting 65.2 percent of the annual spending of an urban household. Given the rise in household expenditure on food and non-alcoholic beverages by 28.6 percent at current prices and the increase in the CPI of this group by 52.7 percent, household expenditure on food and non-alcoholic beverages decreased by 15.8 percent in real terms.

The total share of "food and non-alcoholic beverages", "housing, water, electricity, gas, and other fuels", and "clothing and footwear"

groups in household spending was 68.1 percent at current prices, compared with 66.3 percent in 2018/19. This indicates that households have allocated a higher share of their income to essential goods and services in 2019/20. The policies aimed at reducing the share of basic needs in household expenditure will have a major impact on improving household welfare.

Figure 9.1. Share of Expenditure Groups in Gross Household Expenditure in Urban Areas in 2019/20

(percent, current prices)



A review of household expenditure on various goods and services in real terms

(constant 2016/17 prices) indicates that, except for "housing, water, electricity, gas, and other fuels" and "communication", all other major expenditure groups declined in 2019/20. The highest fall was related to "clothing and footwear" with 29.7 percent, followed by "recreation and culture" with 24.2 percent. The most decreasing effect on household expenditure in real terms was related to "food and non-alcoholic beverages" and "transport" groups, accounting for respectively 3.4 and 1.6 percentage points of the decline in real household expenditure by 5.3 percent in 2019/20.

9.3. Analysis of Household Expenditure by Decile

The results of household expenditure survey by various deciles shows that the ratio of the richest 10 percent of households was 15.7 times that of the poorest 10 percent in 2019/20, which was 0.2 point lower compared with 15.9 times in 2018/19. This implies a very slight improvement in income distribution metrics in urban areas.

Table 9.1. Gross Household Expenditure in Urban Areas (at current prices) (ten thousand rials)

	2017/18	2018/19	2019/20	Percentage change		Share (percent)	
				2018/19	2019/20	2018/19	2019/20
Food and non-alcoholic beverages	9,913.0	13,195.4	16,966.5	33.1	28.6	25.3	25.3
Tobacco	138.9	233.1	287.0	67.9	23.1	0.4	0.4
Clothing and footwear	1,778.4	1,831.1	1,975.6	3.0	7.9	3.5	2.9
Housing, water, electricity, gas, and other fuels	14,937.7	19,566.2	26,787.0	31.0	36.9	37.5	39.9
Furnishings, household equipment, and routine household maintenance	1,688.7	1,999.1	2,531.2	18.4	26.6	3.8	3.8
Health	2,420.3	2,844.2	3,321.8	17.5	16.8	5.4	4.9
Transport	4,464.1	4,722.0	5,952.9	5.8	26.1	9.0	8.9
Communication	867.5	960.4	1,201.3	10.7	25.1	1.8	1.8
Recreation and culture	803.4	888.6	1,012.1	10.6	13.9	1.7	1.5
Education	759.9	791.3	854.9	4.1	8.0	1.5	1.3
Restaurants and hotels	899.9	1,040.4	1,311.5	15.6	26.1	2.0	2.0
Miscellaneous goods and services	3,459.2	4,121.3	4,982.5	19.1	20.9	7.9	7.4
Total	42,130.9	52,193.0	67,184.3	23.9	28.7	100.0	100.0

In 2019/20, gross household expenditure in the 10th decile was 3.3 times that of the gross household expenditure in urban areas at current prices, while gross household expenditure in the 1st decile was only 0.2 times that of the gross household expenditure in urban areas. Household expenditure

figures in the 1st through the 7th deciles were lower than the household expenditure in urban areas. In real terms, household expenditure (gross) in all deciles decreased compared with the year before. The highest decrease was related to the 10th decile (12.1 percent), followed by the 9th and 8th deciles.

Table 9.2. Gross Household Expenditure in Urban Areas
(at constant 2016/17 prices)

(ten thousand rials)

	2017/18▲	2018/19▲	2019/20	Percentage change		Share in growth (percent)	
				2018/19	2019/20	2018/19	2019/20
Food and non-alcoholic beverages	8,703.3	7,925.2	6,674.5	-8.9	-15.8	-2.0	-3.4
Tobacco	134.7	113.6	113.2	-15.6	-0.4	-0.1	0.0
Clothing and footwear	1,687.3	1,282.3	901.7	-24.0	-29.7	-1.1	-1.0
Housing, water, electricity, gas, and other fuels	13,818.4	15,972.4	17,282.0	15.6	8.2	5.6	3.6
Furniture, household equipment, and routine household maintenance	1,562.1	1,167.7	942.4	-25.3	-19.3	-1.0	-0.6
Health	2,198.3	2,208.2	2,046.7	0.5	-7.3	*	-0.4
Transport	4,191.7	3,070.2	2,469.1	-26.8	-19.6	-2.9	-1.6
Communication	819.1	687.5	736.5	-16.1	7.1	-0.3	0.1
Recreation and culture	729.0	491.5	372.8	-32.6	-24.2	-0.6	-0.3
Education	682.8	608.2	547.3	-10.9	-10.0	-0.2	-0.2
Restaurants and hotels	808.5	735.8	617.2	-9.0	-16.1	-0.2	-0.3
Miscellaneous goods and services	3,139.0	2,529.9	2,121.1	-19.4	-16.2	-1.6	-1.1
Total¹	38,474.1	36,792.5	34,824.4	-4.4	-5.3	-4.4	-5.3

¹ Total expenditure in real terms is calculated as the sum of expenditures of all groups, instead of dividing the total nominal expenditure by the general CPI. This is due to changes in the share of expenditure groups as compared to the base year.

Table 9.3. Comparison of Growth in Gross Household Expenditure with Inflation in Urban Areas in 2019/20

(percent)

	Growth (at current prices)	Inflation	Growth (in real terms)
Food and non-alcoholic beverages	28.6	52.7	-15.8
Tobacco	23.1	23.6	-0.4
Clothing and footwear	7.9	53.4	-29.7
Housing, water, electricity, gas, and other fuels	36.9	26.5	8.2
Furnishings, household equipment, and routine household maintenance	26.6	56.8	-19.3
Health	16.8	26.0	-7.3
Transport	26.1	56.7	-19.6
Communication	25.1	16.8	7.1
Recreation and culture	13.9	50.2	-24.2
Education	8.0	20.1	-10.0
Restaurants and hotels	26.1	50.3	-16.1
Miscellaneous goods and services	20.9	44.2	-16.2
Total	28.7	41.2	-5.3

Reviewing the share of deciles in various expenditure groups shows that "housing, water, electricity, gas, and other fuels" and "food and non-alcoholic beverages" groups had the highest shares in household expenditure in all deciles in 2019/20. In the 1st and 2nd deciles, the collective shares of these two groups in gross household expenditure were respectively 77.1 and 73.1 percent. Since most households living in rental houses belong to lower deciles, the higher share of "housing, water, electricity, gas, and other fuels" group in household expenditure indicates that this group is affected by the developments of the "housing rental index". In the 9th decile, the collective share of these two groups was the lowest by 61.4 percent.

9.4. Household Expenditure by Province

A review of household expenditure (gross) in urban areas of various provinces indicates that Tehran Province accounted for the highest expenditure in 2019/20, while Hormozgan Province accounted for the lowest expenditure at both current and constant 2016/17 prices. Household expenditure in

Tehran was 3.3 times that of the household expenditure in Hormozgan at current prices, and 3.2 times at constant prices. In 2019/20, the highest number of household members (4.36 persons) belonged to Sistan and Baluchistan Province, while the lowest number of household members by 2.94 persons was related to Gilan Province. Considering the household size, the highest expenditure per capita, at constant prices, belonged to Tehran, while the lowest was related to Sistan and Baluchistan Province.

Figure 9.2. Comparison of Household Expenditure in Urban Areas with Expenditure in Each Decile at Current Prices in 2019/20

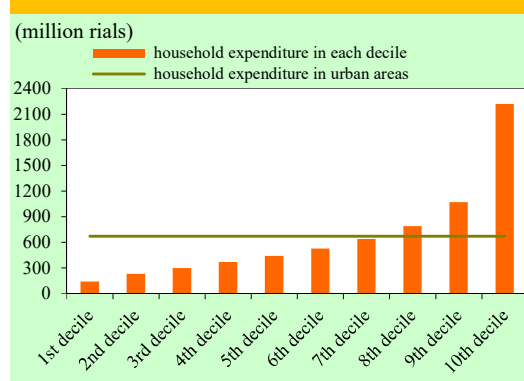


Table 9.4. Gross Household Expenditure in Urban Areas by Expenditure Decile (at current and constant 2016/17 prices)

	1 st decile	2 nd decile	3 rd decile	4 th decile	5 th decile	6 th decile	7 th decile	8 th decile	9 th decile	10 th decile
(ten thousand rials)										
Expenditure in nominal terms (gross)										
2018/19	10,875	17,654	22,906	28,006	33,690	40,630	49,499	62,027	84,224	172,428
2019/20	14,113	23,071	29,754	36,683	44,077	52,635	63,738	78,988	106,896	221,869
Growth in nominal terms (percent)	29.8	30.7	29.9	31.0	30.8	29.5	28.8	27.3	26.9	28.7
Growth in real terms (percent) ¹	-4.6	-4.5	-5.9	-5.4	-6.0	-7.1	-8.4	-9.8	-11.0	-12.1

¹ Growth in real terms is calculated based on inflation as decomposed by expenditure.

Table 9.5. Decomposition of Expenditure Groups in Urban Areas in 2019/20 by Decile (at current prices)

	(percent)										
	1 st decile	2 nd decile	3 rd decile	4 th decile	5 th decile	6 th decile	7 th decile	8 th decile	9 th decile	10 th decile	Average share
Food and non-alcoholic beverages	31.2	32.3	32.0	32.2	31.9	31.1	30.0	28.6	26.6	16.2	25.3
Tobacco	1.5	1.1	0.9	0.6	0.6	0.5	0.5	0.5	0.4	0.2	0.4
Clothing and footwear	1.2	1.9	2.2	2.4	2.7	2.9	3.3	3.4	3.6	2.8	2.9
Housing, water, electricity, gas, and other fuels	45.9	40.8	38.2	36.0	36.2	35.3	34.0	33.9	34.8	48.3	39.9
Furnishings, household equipment, and routine household maintenance	2.1	2.4	2.8	3.1	3.2	3.5	4.1	4.2	4.6	3.8	3.8
Health	4.3	4.4	4.9	4.6	4.8	4.8	5.1	5.5	5.5	4.7	4.9
Transport	4.1	5.1	5.8	6.6	6.1	7.0	7.3	8.3	9.3	11.7	8.9
Communication	2.5	2.4	2.4	2.3	2.2	2.1	2.1	2.1	1.7	1.2	1.8
Recreation and culture	0.6	0.9	1.0	1.3	1.1	1.4	1.5	1.6	1.7	1.7	1.5
Education	0.6	0.7	1.0	1.1	1.1	1.2	1.4	1.5	1.6	1.2	1.3
Restaurants and hotels	0.7	0.8	1.1	1.3	1.4	1.5	2.1	2.3	2.5	2.2	2.0
Miscellaneous goods and services	5.3	7.2	7.8	8.4	8.6	8.5	8.6	8.2	7.8	6.0	7.4

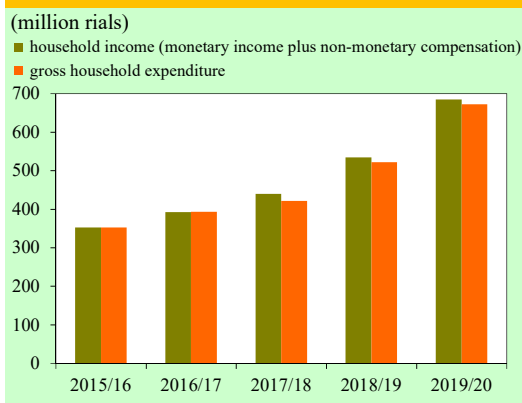
9.5. Household Income

In 2019/20, household income (monetary income plus non-monetary compensation) rose 28.1 percent to Rls. 684.2 million at current prices (Rls. 57.0 million monthly). Monetary income and non-monetary compensation constituted respectively 64.7 and 35.3 percent of household income. The "imputed rental value of owner-occupied housing" constituted the major portion of non-monetary compensation, which is affected by price fluctuations in the housing market and will not necessarily bring cash to households.

Based on the Household Budget Survey conducted in urban areas in 2019/20, the share of miscellaneous income, including benefits and retirement pay, receipts from rent, cash handouts, profit received from term deposits, and profit received from participation papers, reached 23.4 percent,

down by 0.8 percentage point compared with 2018/19. Meanwhile, comparing household income at Rls. 684.2 million with household expenditure at Rls. 671.8 million is indicative of budget surplus.

Figure 9.3. Comparison of Gross Household Expenditure with Household Income at Current Prices



9.6. Measurement and Analysis of Income Inequality

Gini coefficient, as an important measure of income inequality, fell by 0.8 percent to 0.4157 in 2019/20. Moreover, the ratio of the income of the richest 10 percent of households, which was 15.9 times that of the poorest 10 percent in 2018/19, decreased to 15.7 times in 2019/20 and the share of the 20 percent of high-income households decreased by 0.24 percentage point from 49.18 percent in 2018/19 to 48.94 percent in 2019/20. A review of the shares of income deciles in total income indicates that the shares of the 4th and 5th deciles increased, while the shares of the 8th to the 10th deciles decreased and those of other deciles remained unchanged compared with 2018/19. Therefore, income distribution was in favor of the low- and middle-income groups, while disadvantageous to high-income groups in the year under review.

Table 9.6. Income Inequality Metrics in Urban Areas

	2018/19	2019/20
Gini coefficient	0.4190	0.4157
Share of 40 percent of low-income households (percent)	15.2	15.4
Share of 40 percent of middle-income households (percent)	35.6	35.7
Share of 20 percent of high-income households (percent)	49.2	48.9
Ratio of richest 10 percent to poorest 10 percent of households (times)	15.9	15.7

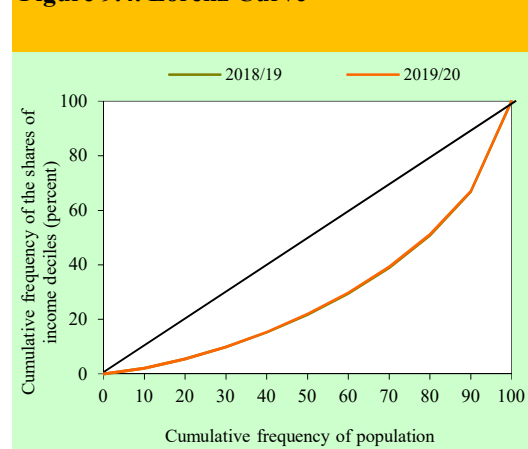
9.7. Social Security

9.7.1. Non-contributory Coverage

In 2019/20, the number of people covered by Imam Khomeini Relief Foundation totaled 4,784 thousand, up by 12.1 percent (518 thousand persons) compared with 2018/19. Apparently, the great leap in the general level of prices and the consequent decline in the purchasing power of households have led to strong growth in the number of people receiving sustainable livelihood support in

2019/20. The grants provided as livelihood support to the beneficiaries of Imam Khomeini Relief Foundation decreased by 17.6 percent at constant 2016/17 prices.

Figure 9.4. Lorenz Curve



9.7.2. Contributory Coverage

Social Security Organization, Iran Health Insurance Organization¹, and several independent Funds are responsible for the provision of contributory insurance in Iran. In 2019/20, the total number of people covered by the Social Security Organization and Iran Health Insurance Organization increased by 2.5 percent to about 86.3 million persons, far larger than the country's population in 2019/20. This indicates that some citizens are under the insurance coverage of several organizations at the same time, with the aim of benefitting from

¹ Based on Article (38), 5th FYDP Law, Iran Health Insurance Organization, taking over all the duties of the Medical Services Insurance Organization, was established in 2012/13. This was 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.

more than one retirement funds. The design of special electronic systems and issuance of insurance policies based on national codes are expected to resolve the issue.

The Social Security Organization (SSO) insures workers and employees, who are subject to Labor Law, through obligatory partnership plans. This organization insures the self-employed parties through contracts. In 2019/20, the number of main insured parties reached 14.4 million persons, up by 2.5 percent compared with 2018/19.

The total number of main and dependent insured parties as well as pensioners under the coverage of the Social Security Organization rose 3.0 percent to 44.2 million in 2019/20, of whom 6.9 million were pensioners and the remaining received insurance services. The number of retired people under the coverage of this organization increased by 7.9 percent to reach 2,079.4 thousand.

Iran Health Insurance Organization, affiliated to the Ministry of Health and Medical Education, extends health insurance coverage to civil servants and their dependents, rural dwellers, and the self-employed people. In 2019/20, the number of those insured by this organization increased by 2.0 percent to reach 42.1 million persons, of whom 20.2 million were under the coverage of Rural Dwellers' Fund. Meanwhile, 13.4 million were insured under the Public Health Insurance Law, 5.3 million were covered by the Staff Fund, 0.5 million were under the coverage of the Iranian Insurance Project, and the remaining people, who availed themselves of the health insurance services granted by Iran Health Insurance Organization, were classified under "other". The number of people under the coverage of Rural Dwellers' Fund, Iranian Insurance Project and "other" category increased compared with 2018/19, while that of people

insured under the Staff Fund and the Public Health Insurance Law decreased.

9.7.3. Rural Dwellers' Social Insurance Fund

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 1,790 in 2019/20, indicating a decrease of about 3.9 percent compared with 1,862 in 2018/19. The amount approved to be contributed by the government to the Fund increased by 12.9 percent to Rls. 5,680.2 billion, 51.7 percent of which was actually allocated. The number of people insured by Rural Dwellers' Social Insurance Fund reached 1,776.0 thousand in 2019/20, up by 72.4 percent.

Table 9.7. Number of Brokerage Firms and People Insured by Rural Dwellers' Social Insurance Fund

	2018/19	2019/20	Percentage change
Main insured (thousand)	1,030.1	1,776.0	72.4
Brokerage firms	1,862	1,790	-3.9

Source: Rural Dwellers' Social Insurance Fund

9.8. Human Development Index (HDI)¹

9.8.1. HDI in Iran

Based on the 2020 Human Development Report (HDR) published for the United Nations Development Program (UNDP), Iran, with an HDI value of 0.783, ranked 70 among 189 countries in 2019. The average HDI in 66 countries enjoying very high human development was 0.898 in 2019,

¹ Based on the 2020 Human Development Report (HDR)

indicating a slight improvement compared with 0.896 in 2018. Average world HDI was 0.737 in 2019, up by 0.003 point compared with 2018. This report considers four Human Development Index groups including very high, high, medium, 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 0.957 and Iran was ranked among countries with high human development in 2019.

9.8.2. Selected Human Development Indices

Based on the 2020 Report, life expectancy at birth in Iran was 77.9 years for women and 75.6 years for men in 2019, which is higher than the average figure for the world (75.0 and 70.6 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 experience unequal distribution of human development. This measure ranges from 0, which indicates that there is the least extent of gender inequality between men and women, to 1 which is indicative of the highest gender inequality. Based on the 2020 HDR, Iran's Gender Inequality Index (GII) of 2019 was 0.459, which, in comparison with the same index in the year before (0.492), indicates improvement in gender inequality in the said year. On this basis, Iran ranked 113 in 2019 in GII among 162 countries whose data were available. Switzerland, Denmark, and Sweden ranked respectively 1st to 3rd in GII. This indicates that these countries had the lowest gender inequality in 2019.

Another index referred to in the 2020 Human Development Report is the share of seats in parliament held by women. In 2019, the mentioned index for Iran remained unchanged at 5.9 percent. This index was 17.4 percent in Turkey, 25.2 percent in Iraq, 27.2 percent in Afghanistan, 23.7 percent in the United States, 19.9 percent in Saudi Arabia, and 31.6 percent in Germany.

Table 9.8. Iran's HDI Value

	2000	2010	2017	2018	2019	Average annual growth rate (percent)	
						2000-2010	2010-2019
HDI	0.658	0.742	0.787	0.785	0.783	1.21	0.60

Source: The 2020 Human Development Report