

In 2020/21, household final consumption expenditure rose by 0.5 percent (at constant 2016/17 prices) to Rls. 7,023.2 trillion. The share of household final consumption expenditure in GDE was 46.3 percent at current prices, down by 2.8 percentage points compared with 2019/20.

10.1. Socioeconomic Characteristics of Households in Urban Areas

Household Budget Survey conducted by the CBI showed that the average household size fell by 1.2 percent to 3.2 persons in 2020/21. Households with three and four members enjoyed the highest shares by respectively 28.2 and 27.8 percent, which indicated an increase of 0.5 percentage point as against a decrease of 0.5 percentage point, respectively, compared with 2019/20. The distribution of household members by age group shows that 20.6 percent of household members in 2020/21 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, 16.7 percent of household members were above 60 years old, showing an increase of 1.1 percentage points 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 the household members of 6+ years of age in

2020/21 reveals that 10.8 percent of household members were illiterate, indicating a decrease of 0.1 percentage point compared with the year before. The share of university-educated members in total was 24.1 percent in 2020/21, showing an increase compared with 23.3 percent in the year before.

Distribution of households' employed members based on expenditure deciles indicates that of all the households in the 1st decile, 43.1 percent had no employed members in 2020/21. In the 1st decile, about 2.0 percent of households were with three employed members and more. The mentioned share was 1.8 percent in both the 2nd and 3rd deciles, indicating the low earnings of the employed members in low-income deciles. Reviewing the characteristics of the high-income deciles reveals that 45.6 percent of the households in the 10th decile had one employed person. Moreover, only 8.7 percent of the households with one employed person belonged to the 10th decile in the year under review. A study of the distribution of employed household members based on economic activity shows that the highest share by 23.1 percent was related to household members employed in "wholesale, retail trade, restaurants, and hotels" group in 2020/21. Next on the list were "community, social, and personal service activities" group with 19.7 percent and "manufacturing and mining" group with 18.1 percent.

The share of households as homeowners residing in their owner-occupied dwellings fell from 66.6 percent in 2019/20 to 66.0 percent in 2020/21. Regarding expenditure deciles, 7.6 percent of households residing in owner-occupied houses were in the 1st decile, with 8.0 percent being in the 2nd decile, 8.9 percent in the 3rd decile, and 12.6 percent (the highest) in the 10th decile. In this year, 23.7 percent of households were residing in rental houses, down by 0.2 percentage point compared with 2019/20. Of all households in the 1st decile, 32.6 percent were residing in rental houses, up by 2.8 percentage points. This share was 11.1 percent for households in the 10th decile.

A review of the utilities used by urban households in 2020/21 indicates that 99.6 percent of households had access to piped water, 100.0 percent to electricity, 95.5 percent to piped natural gas, and 59.0 percent to the sewage system. About 79.2 percent of households had access to internet, up by 7.5 percentage points. Moreover, 51.5 percent of households owned an automobile and 97.6 percent had cell phones. The share of households with membership in social media increased by 7.8 percentage points compared with 2019/20, to 78.5 percent.

10.2. Household Budget Survey

According to the Economic Statistics Department of the CBI, household expenditure (gross)¹ in urban areas increased by 38.3 percent to Rls. 929.4 million in 2020/21 at current prices (Rls. 77.5 million monthly).

¹Sums 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 is 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. 343.2 million at constant 2016/17 prices, indicating a decrease of 1.4 percent compared with the year before. A comparison of the workers' nominal minimum wage (Rls. 19,104 thousand monthly) with the nominal expenditure on "food and non-alcoholic beverages" (Rls. 21,639 thousand monthly) indicates that a household with the minimum wage will have to allocate about 88.3 percent of its income to "food and non-alcoholic beverages" group, if they decide to opt for a consumption level equal to that of the sample urban household or the average society. In 2020/21, the outbreak of COVID-19 changed households' expenditure trends in multiple aspects, namely change in households' consumption behavior, the practice of social distancing by the government (restrictive visitation measures in familial relationships as well as prohibitions against weddings and funerals), temporary business closures and restrictions on operation of service providers, imposed limitations on intercity mobility and reductions in daily commutes as well as the travel ban by the National Taskforce for Combatting COVID-19, and the shift by schools and universities to online and virtual learning via video conferencing tools.

Comparing gross household expenditure in urban areas on various expenditure groups indicates that spending on "communication", "furnishings, household equipment, and routine household maintenance", and "food and non-alcoholic beverages" indicated increases of respectively 57.7, 56.2 and 53.0 percent at current prices in 2020/21, when compared with the year before. The mentioned groups accounted for the highest rises in gross household expenditure compared with the other groups. Spending on the two expenditure groups of "restaurants and hotels" and "recreation and culture", however, experienced negative growth rates in 2020/21 compared with 2019/20.

Table 10.1. Gross Household Expenditure in Urban Areas (at current prices) (ten thousand rials)

	2018/19	2019/20	2020/21	Percentage change		Share (percent)	
				2019/20	2020/21	2019/20	2020/21
Food and non-alcoholic beverages	13,195.4	16,966.5	25,966.4	28.6	53.0	25.3	27.9
Tobacco	233.1	287.0	371.2	23.1	29.4	0.4	0.4
Clothing and footwear	1,831.1	1,975.6	2,601.3	7.9	31.7	2.9	2.8
Housing, water, electricity, gas, and other fuels	19,566.2	26,787.0	36,926.1	36.9	37.9	39.9	39.7
Furnishings, household equipment, and routine household maintenance	1,999.1	2,531.2	3,954.3	26.6	56.2	3.8	4.3
Health	2,844.2	3,321.8	4,509.2	16.8	35.7	4.9	4.9
Transport	4,722.0	5,952.9	7,332.7	26.1	23.2	8.9	7.9
Communication	960.4	1,201.3	1,894.7	25.1	57.7	1.8	2.0
Recreation and culture	888.6	1,012.1	992.4	13.9	-1.9	1.5	1.1
Education	791.3	854.9	918.2	8.0	7.4	1.3	1.0
Restaurants and hotels	1,040.4	1,311.5	1,053.5	26.1	-19.7	2.0	1.1
Miscellaneous goods and services	4,121.3	4,982.5	6,421.3	20.9	28.9	7.4	6.9
Total	52,193.0	67,184.3	92,941.2	28.7	38.3	100.0	100.0

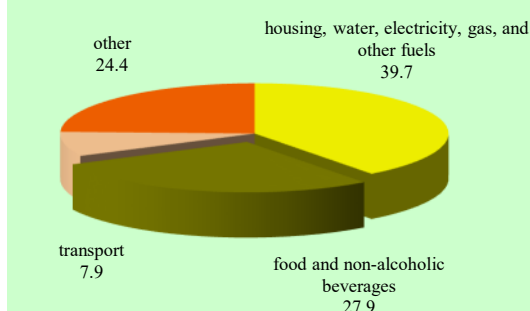
In 2020/21, the average gross expenditure of urban households decreased by 1.4 percent at constant 2016/17 prices, compared with 2019/20, mainly attributable to the adverse effects of COVID-19 on household budget. Household spending on all expenditure groups, except for "communication", "health", and "housing, water, electricity, gas, and other fuels", declined in real terms in the year under review. "Restaurants and hotels", "transport", and "recreation and culture" expenditure groups experienced the highest negative growth rates by respectively -39.9, -34.2 and -28.1 percent in real terms, compared with 2019/20. "Communication" group, however, experienced a substantial growth rate by 20.5 percent and "health" recorded the second highest growth rate of 7.5 percent in real terms, compared with the year before.

10.3. Analysis of Household Expenditure by Decile

The results of household expenditure survey by various deciles shows that the

Figure 10.1. Share of Expenditure Groups in Gross Household Expenditure in Urban Areas in 2020/21

(percent, current prices)



ratio of the richest 10 percent of households was 16.2 times that of the poorest 10 percent in 2020/21, up by 0.5 point compared with 2019/20. This is indicative of an increase in income inequality in urban areas in 2020/21. The average household expenditure in the 10th decile was 3.1 times as high as the average household expenditure in urban areas at current prices. The average household expenditure in the 1st decile, however, was

0.2 times as high as the average household expenditure in urban areas at current prices. The average household expenditure figures in the 1st through the 7th deciles were lower than the household expenditure in urban areas at current prices (in nominal terms). In

real terms (at constant prices), household expenditure (gross) in all deciles decreased compared with the year before. The highest decrease was related to the 10th decile with 15.3 percent, followed by the 1st decile with 3.5 percent.

Table 10.2. Gross Household Expenditure in Urban Areas in Real Terms
(at constant 2016/17 prices) (ten thousand rials)

	2018/19	2019/20	2020/21	Percentage change		Share in growth (percent)	
				2019/20	2020/21	2019/20	2020/21
Food and non-alcoholic beverages	7,925.2	6,674.5	6,586.4	-15.8	-1.3	-3.4	-0.3
Tobacco	113.6	113.2	109.1	-0.4	-3.6	0.0	0.0
Clothing and footwear	1,282.3	901.7	842.9	-29.7	-6.5	-1.0	-0.2
Housing, water, electricity, gas, and other fuels	15,972.4	17,282.0	18,152.2	8.2	5.0	3.6	2.5
Furnishings, household equipment, and routine household maintenance	1,167.7	942.4	927.9	-19.3	-1.5	-0.6	0.0
Health	2,208.2	2,046.7	2,199.8	-7.3	7.5	-0.4	0.4
Transport	3,070.2	2,469.1	1,625.5	-19.6	-34.2	-1.6	-2.4
Communication	687.5	736.5	887.6	7.1	20.5	0.1	0.4
Recreation and culture	491.5	372.8	268.1	-24.2	-28.1	-0.3	-0.3
Education	608.2	547.3	498.5	-10.0	-8.9	-0.2	-0.1
Restaurants and hotels	735.8	617.2	370.7	-16.1	-39.9	-0.3	-0.7
Miscellaneous goods and services	2,529.9	2,121.1	1,855.5	-16.2	-12.5	-1.1	-0.8
Total ¹	36,792.5	34,824.4	34,324.3	-5.3	-1.4	-5.3	-1.4

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 10.3. Comparison of Growth in Gross Household Expenditure with Inflation in Urban Areas in 2020/21 (percent)

	Growth in gross household expenditure (at current prices)	Inflation	Growth in gross household expenditure (in real terms)
Food and non-alcoholic beverages	53.0	55.1	-1.3
Tobacco	29.4	34.2	-3.6
Clothing and footwear	31.7	40.9	-6.5
Housing, water, electricity, gas, and other fuels	37.9	31.3	5.0
Furnishings, household equipment, and routine household maintenance	56.2	58.7	-1.5
Health	35.7	26.3	7.5
Transport	23.2	87.1	-34.2
Communication	57.7	30.9	20.5
Recreation and culture	-1.9	36.3	-28.1
Education	7.4	17.9	-8.9
Restaurants and hotels	-19.7	33.7	-39.9
Miscellaneous goods and services	28.9	47.3	-12.5
Total	38.3	47.1	-1.4

Reviewing the share of various expenditure groups in deciles shows that "housing, water, electricity, gas, and other fuels" and "food and non-alcoholic beverages" groups had the highest shares of household expenditure in all deciles in 2020/21, at current prices. In the 1st and 2nd deciles, the collective shares of the mentioned groups in gross household expenditure were 77.9 and 74.5 percent, respectively. Since most households living in rental houses belong to lower-income deciles, the higher share of "housing, water, electricity, gas, and other fuels" group in household expenditure indicates that lower-income households are affected by the developments of the "housing rental index". In the 9th decile, the collective share of these two groups was the lowest by 64.7 percent.

10.4. 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 2020/21, while Hormozgan Province accounted for the lowest expenditure at current prices. Household expenditure in Tehran was 3.2 times as high as the household expenditure in Hormozgan at current prices. A look at household expenditure at constant 2016/17 prices indicates that Tehran and Golestan

provinces experienced the highest and the lowest expenditures, respectively, in real terms. In other words, household expenditure in Tehran Province was 3.1 times as high as the household expenditure in Golestan Province, at constant 2016/17 prices. In 2020/21, the highest number of household members (4.33 persons) belonged to Sistan and Baluchistan Province, while the lowest number of household members by 2.88 persons was related to Gilan Province. Considering the household size, the highest expenditure per capita, at constant prices, belonged to Tehran Province, while the lowest was related to Sistan and Baluchistan Province.

Figure 10.2. Comparison of Household Expenditure in Urban Areas with Expenditure in Each Decile at Current Prices in 2020/21

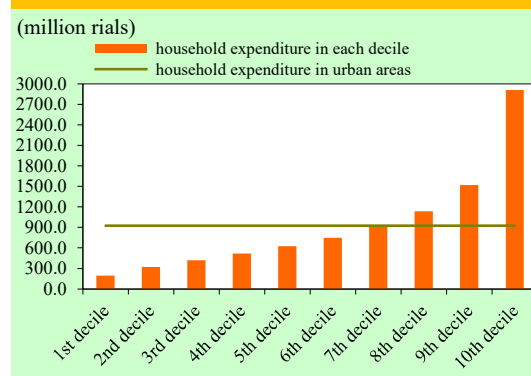


Table 10.4. Gross Household Expenditure in Urban Areas by Expenditure Decile (at current and constant 2016/17 prices)

	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
Expenditure in nominal terms (gross)										
2019/20	14,113	23,071	29,754	36,683	44,077	52,635	63,738	78,988	106,896	221,869
2020/21	19,576	32,106	42,014	51,912	62,413	74,529	90,722	113,399	151,791	290,926
Growth in nominal terms (percent)	38.7	39.2	41.2	41.5	41.6	41.6	42.3	43.6	42.0	31.1
Growth in real terms (percent) ¹	-3.5	-2.9	-1.9	-1.5	-1.4	-1.2	-1.4	-0.3	-2.9	-15.3

¹ Growth in real terms is calculated based on inflation as decomposed by expenditure deciles and is, therefore, noncomparable with the average gross household expenditure.

Table 10.5. Decomposition of Expenditure Groups in Urban Areas in 2020/21 by Decile (at current prices)

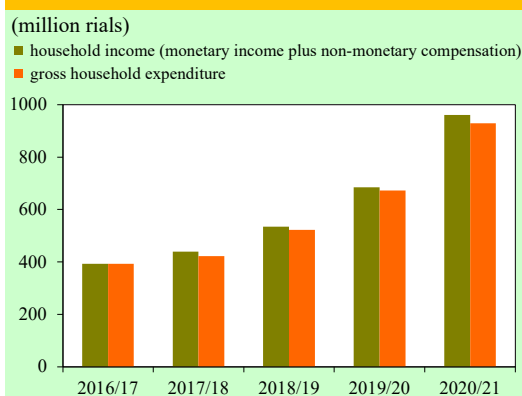
	1 st decile	2 nd decile	3 rd decile	4 th decile	5 th decile	6 th decile	7 th decile	8 th decile	9 th decile	10 th decile	Average share
Food and non-alcoholic beverages	31.9	33.1	33.6	34.1	33.4	31.9	32.0	29.9	27.7	21.1	27.9
Tobacco	1.4	0.9	0.8	0.6	0.6	0.5	0.5	0.4	0.3	0.2	0.4
Clothing and footwear	1.1	1.6	2.0	2.1	2.7	2.8	2.9	3.2	3.2	2.9	2.8
Housing, water, electricity, gas, and other fuels	46.0	41.4	38.9	37.5	37.4	37.1	35.7	37.4	37.0	44.4	39.7
Furnishings, household equipment, and routine household maintenance	2.4	2.8	3.4	3.5	3.6	4.0	4.4	4.3	4.9	4.6	4.3
Health	3.8	4.4	4.5	4.7	4.6	5.0	4.9	4.7	5.6	4.7	4.9
Transport	3.9	4.7	4.7	5.3	5.5	5.7	6.3	6.8	8.3	11.2	7.9
Communication	2.6	2.6	2.6	2.5	2.5	2.4	2.3	2.1	2.1	1.5	2.0
Recreation and culture	0.5	0.6	0.8	0.8	0.9	1.0	0.9	1.1	1.2	1.2	1.1
Education	0.4	0.6	0.7	0.7	0.8	1.0	1.1	1.1	1.1	1.1	1.0
Restaurants and hotels	0.4	0.6	0.7	0.7	0.8	1.1	1.2	1.2	1.4	1.2	1.1
Miscellaneous goods and services	5.4	6.6	7.4	7.5	7.3	7.7	7.7	7.6	7.2	5.9	6.9

10.5. Household Income

In 2020/21, household income (monetary income plus non-monetary compensation) rose 40.5 percent to Rls. 961.1 million at current prices (Rls. 80.1 million monthly). Monetary income and non-monetary compensation constituted respectively 65.1 and 34.9 percent of household income in the year under review. 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 2020/21, 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, in total monetary income reached 24.2 percent, indicating an

increase of 0.8 percentage point compared with the year before. Meanwhile, comparing household income at Rls. 961.1 million with household expenditure at Rls. 929.4 million is indicative of the surplus in the household budget in the year under review.

Figure 10.3. Comparison of Gross Household Expenditure with Household Income at Current Prices

10.6. Measurement and Analysis of Income Inequality

Gini coefficient, as an important measure of income inequality, rose by 0.7 percent to 0.4185 in 2020/21. Moreover, the ratio of the income of the richest 10 percent of households, which was 15.7 times that of the poorest 10 percent in 2019/20, increased to 16.18 times in 2020/21 and the share of the 20 percent of high-income households increased by 0.11 percentage point from 48.94 percent in 2019/20 to 49.05 percent in 2020/21. A review of the shares of income deciles in total income indicates that the shares of the 8th and 10th deciles increased, while the shares of the 4th and 5th deciles decreased and those of other deciles remained unchanged compared with 2019/20. Therefore, income distribution was disadvantageous to low- and middle-income groups, while in favor of high-income groups in the year under review.

Table 10.6. Income Inequality Metrics in Urban Areas

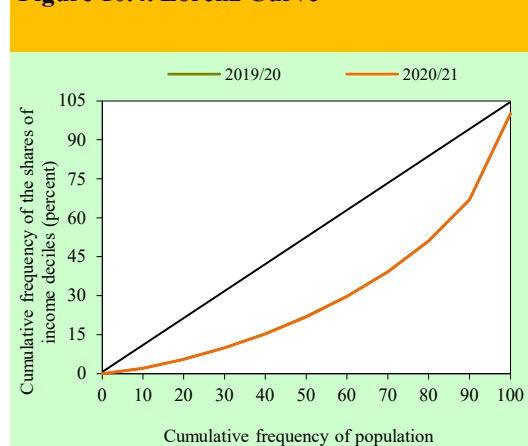
	2019/20	2020/21
Gini coefficient	0.4157	0.4185
Share of 40 percent of low-income households (percent)	15.4	15.2
Share of 40 percent of middle-income households (percent)	35.7	35.7
Share of 20 percent of high-income households (percent)	48.9	49.1
Ratio of richest 10 percent to poorest 10 percent of households (times)	15.7	16.2

10.7. Social Security

10.7.1. Non-contributory Coverage

The number of people covered by Imam Khomeini Relief Foundation totaled 4,481 thousand in 2020/21, down by 6.3 percent (303 thousand persons) compared with 2019/20. The grants provided as livelihood support to the beneficiaries of the Foundation rose by 1.8 percent to Rls. 23.9 million at constant 2016/17 prices.

Figure 10.4. Lorenz Curve



10.7.2. Contributory Coverage

Social Security Organization, Iran Health Insurance Organization¹, and several independent Funds are responsible for the provision of contributory insurance in Iran. In 2020/21, the total number of people covered by the Social Security Organization and Iran Health Insurance Organization increased by 0.5 percent to about 86.8 million persons, far larger than the country's population in this year. This indicates that some citizens are under the insurance coverage of several organizations at the same time, aimed at benefitting from more than one retirement funds. Measures like the design of special electronic systems and issuance of insurance policies based on national codes are expected to solve the problem.

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 done with the aim of the 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 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 2020/21, the number of the main insured parties increased by 1.5 percent to 14.6 million persons. The total number of the main and dependent insured parties as well as the pensioners under the coverage of the Social Security Organization increased by 0.7 percent to 44.5 million, of whom 7.2 million were pensioners and the remaining received insurance services. The number of retired people under the coverage of the Social Security Organization increased by 6.2 percent compared with 2019/20, to reach 2,208.3 thousand in 2020/21.

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 2020/21, the number of parties insured by Iran Health Organization rose by 0.4 percent compared with the year before, to reach 42.3 million persons, of whom 20.3 million were under the coverage of Rural Dwellers' Fund. Meanwhile, 13.7 million were insured under the Public Health Insurance Law, 5.2 million were covered by the Staff Fund, 0.4 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" heading. The number of people covered by the Rural Dwellers' Fund, Public Health Insurance Law, and "other" categories increased compared with the year before, while the number of people insured under the Staff Fund and the Iranian Insurance Project decreased in 2020/21 when compared with 2019/20.

10.7.3. 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 1,817 in 2020/21, indicating an increase of about 1.5 percent compared with 1,790 in 2019/20. The amount approved to be contributed by the government to the Fund increased by 52.7 percent to Rls. 8,674.8 billion, 24.8 percent of which was actually allocated. The number of main parties insured by Rural Dwellers' Social Insurance Fund was almost 1,984.0 thousand in 2020/21, indicating an increase of 11.7 percent compared with 2019/20.

Table 10.7. Number of Brokerage Firms and People Insured by Rural Dwellers' Social Insurance Fund

	2019/20	2020/21	Percentage change
Main insured (thousand)	1,776.0	1,983.9	11.7
Brokerage firms	1,790	1,817	1.5

Source: Rural Dwellers' Social Insurance Fund

10.8. Human Development Index (HDI)¹

Based on the 2021/2022 Human Development Report (HDR) published for the United Nations Development Program (UNDP), Iran, with an HDI value of 0.777, ranked 77 among 191 countries in 2020. Based on the 2021/2022 Report, life expectancy at birth for the Iranians was 74.8 years in 2020, lower than the figure for 2019 (76.1 years).

¹ Based on the 2021/2022 Human Development Report (HDR)

In 2020, the mean years of schooling for adults was about 10.6 years, remaining unchanged compared with 2019. The expected years of schooling for children at school age was 14.6 years, showing a slight decrease compared with 14.7 years in 2019. Gross national income (GNI) per capita (in purchasing power parity (PPP) terms) was estimated at \$12,624, pointing to an increase compared with \$12,401 in the year before.

The Human Development 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. Accordingly, Iran, with an HDI value of 0.777, was ranked among countries with high human development in 2020. The average HDI in 66 countries enjoying very high human development was 0.895 in 2020, indicating a decline compared with 0.902 in 2019. Average world HDI was 0.735 in 2020, down by 0.004 point compared with 2019. Norway had the highest HDI value of 0.959 in 2020. The Inequality-adjusted Human Development Index (IHDI), which adjusts the HDI for inequality in the distribution of each dimension across the population, was 0.906 for Norway. The IHDI for Iran was 0.688 in 2020.