

INCOME, CONSUMPTION AND EXPENDITURE STATISTICS

Training Course Income And Consumption Statistics
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BACKGROUND

- In recent years, levels, trends and distribution of levels of living and related socio-economic circumstances have attracted increased attention among policymakers and planners.
- Income, consumption and expenditure are crucial factors in living conditions.
- Income, consumption and expenditure data are importance for policy making, such as :
 - a) To furnish data on levels and distribution of household income, consumption and expenditure that may be used for **analysis of changes in levels of living** over time and **disparities among households** in various socio-economic groups, geographical areas, rural and urban zones, and the like;
 - b) To provide data for **assessing the impact** on household living conditions of existing or proposed economic or social programmes;
 - c) To provide data for compiling household accounts in the systems of national accounts and balances;
 - d) a source of information on food consumption and the housing and health conditions of the population in relation to household expenditure.

BACKGROUND

Information on household income, consumption and expenditure may be obtained from several different sources. For example:

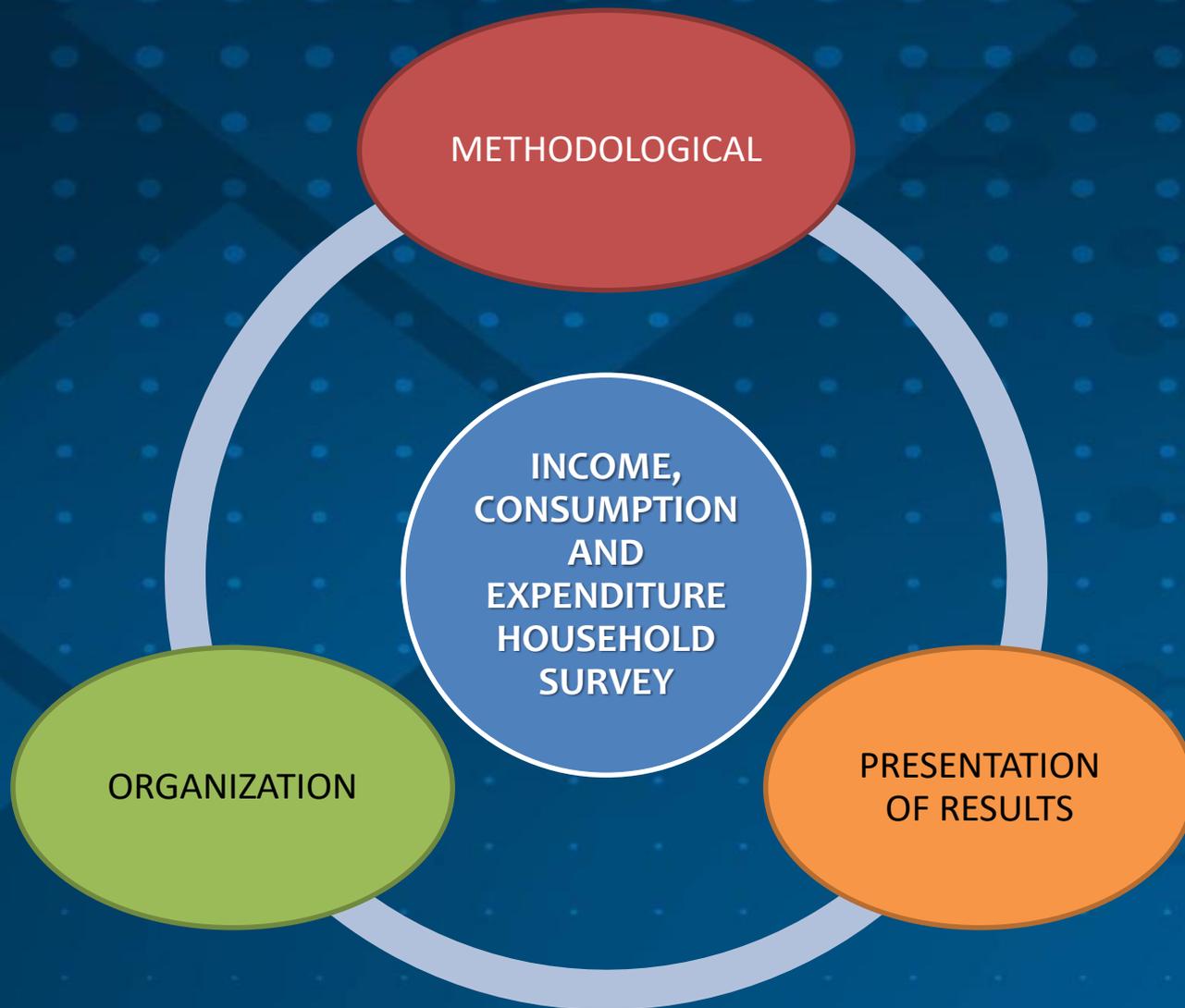
- **income data** may be collected through population censuses, income tax returns and social security records, or household sample surveys.
- **Information on consumption and expenditure** may be acquired indirectly from sales records, production and trade statistics, or directly from household sample surveys.

A household survey is an effective tool for the measurement of household income, consumption, and expenditure

The households survey have the advantages :

- ❑ **Wide scope and coverage**=> can cover all of the population and at the same time distinguish among important groups, such as rural-urban, low-high income, agricultur-noagriculture, economically-noneconomically active, etc
- ❑ **Flexibility in stipulating definitions**, concepts and techniques according to the specific purpose of the inquiry and in determining the degree of detail in the information to be collected
- ❑ **Permitting the collection and use of data on various related subjects** (demographic, economic activity,and etc).

INCOME, CONSUMPTION, AND EXPENDITURE HOUSEHOLD SURVEY



Issues related with Income Survey

Different types of work



Issues related with Expenditure Survey

1. Type Of Commodities : FOOD vs NON FOOD
2. How to get the commodities : buying or own product or be given

FOOD (Fresh Food vs Served Food)

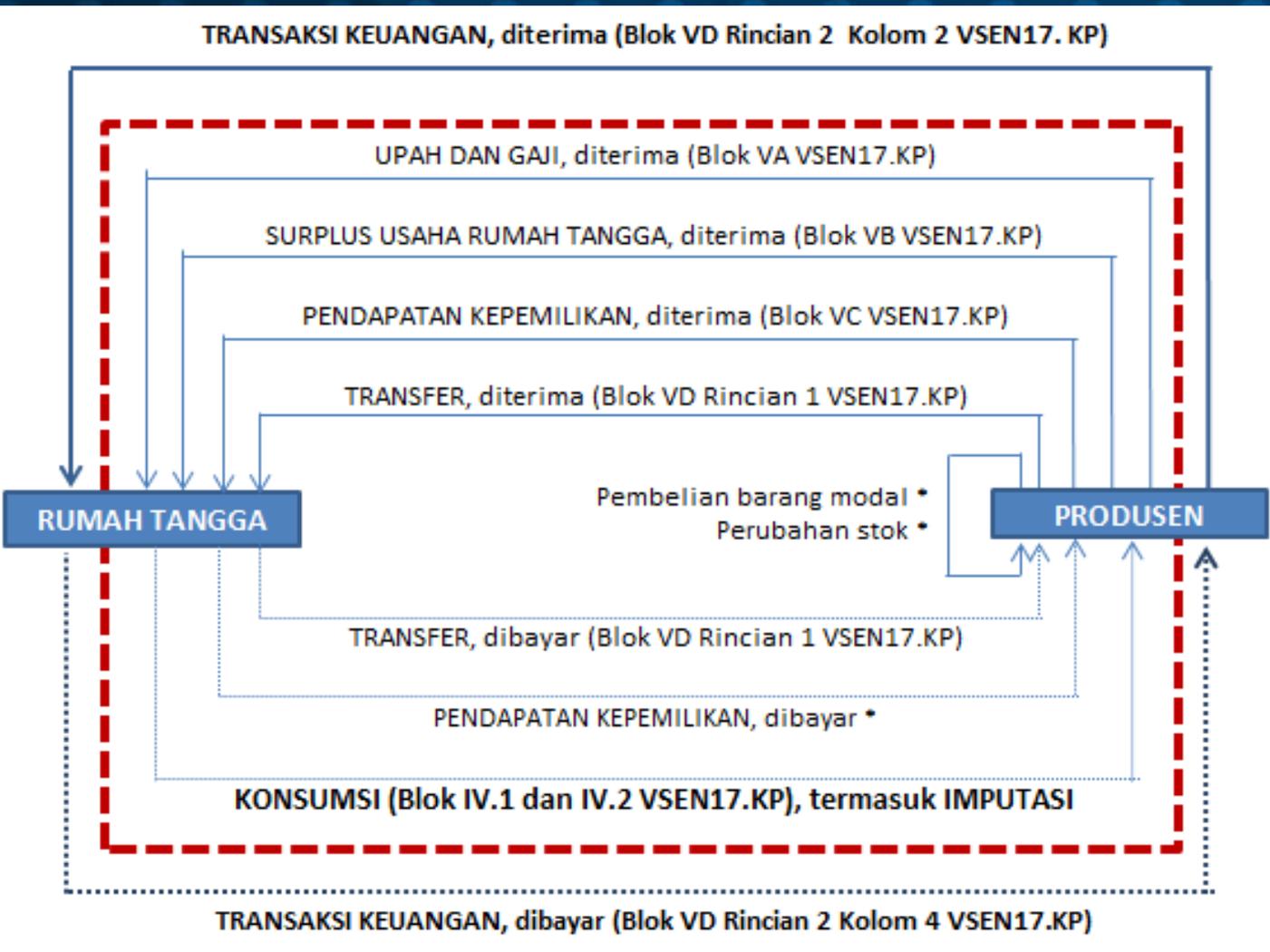


NON FOOD (frequently or not)





CHART OF FINANCIAL TRANSACTIONS



Producer:

1. Household Enterprise
2. Non-financial enterprise (such as business/ company agriculture, mining, electricity, processing industry, trading, restaurant, hotel, hospital, school ect).
3. Financial Enterprise (such as bank, insurance, pawnshop, financial institutions and others type of financial institution)
4. Government (Ministry/Institution of central goverment (such as Kemedagri, Kemenkeu, Kemendiknas, DPR, BPS, ABRI), Province Pemda, District/City, Village/Urban Village(Dinas, UPTD, ect.).
5. Non-profit organizations (such as orphanage, mass organizations, political organizations, ect)

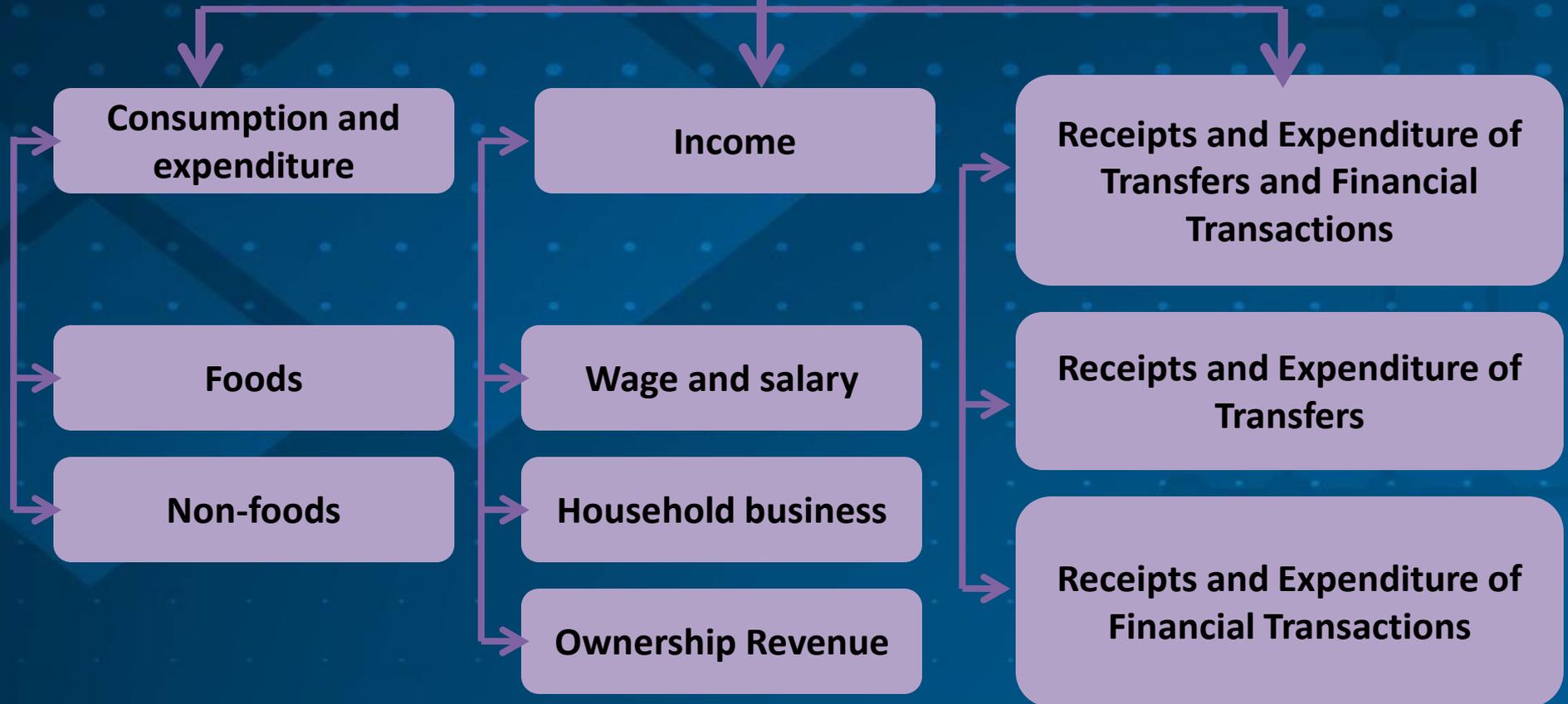
Keterangan:

* = tidak dicakup dalam Susenas

- Penerimaan
- - -> Pengeluaran

LIST STRUCTURE

Income And Consumption



ORGANIZATION:

1. Scope of Survey
2. Survey Design
3. Data Collection

Scope of Survey

- In planning the **geographical scope** of a household survey covering income, consumption and expenditure topics, it is generally preferable to **cover the whole country**
- In terms of **population groups** should also, in principle, **be universal**, including persons living in collective living quarters such as barracks, hospitals and prisons. However, due to practical problems involved, this population is often excluded.
- The time scope of the survey should be of **sufficient length to ensure that relevant seasonal fluctuations are covered**
- Periodicity survey can be **periodically (such as quarterly, annually or less frequently) or an ad hoc basis**

The factors influence in determining frequency of survey are the purposes of survey, the cost of collecting data, and the availability of updating sampling frames, the speed of changes in consumption patterns, etc

Survey Design

Seasonal Fluctuation

- the design consider carefully/avoid the influence of effects caused by season, climate, and holidays.
- Because the pattern of consumption and income will be influenced
- reducing the response rate

Sample Size

- Depend on the **estimated sampling error and the desired degree of precision**. Besides that other factors usually must be taken into account, such as budgetary restrictions and the availability of qualified enumerators and supervisors
- **Stratification** is often used to improve the accuracy of survey results.
- The sample design must be ensure that it provides an **adequate representation of households** of different sizes, composition, and income classes

Non response

- It is commonly that non response is particurly among upper - income household and lower-income household

Data Collection



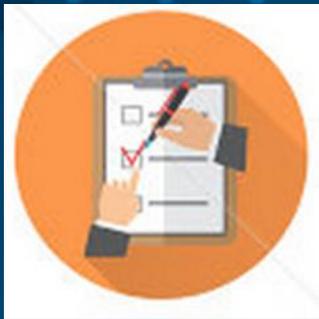
Data Collection :

Mode of data collection



- **INTERVIEW,**

- + as close adherence to instructions can be ensured
- Recall period for frequently purchased items must be kept short due to the difficulty of recollection



- **DIARY**

Under certain conditions this is an appropriate method for gathering information on purchases:

- ✓ there is must literate person in the household.
- ✓ careful checks must be made

Data Collection :

Reference Period

- ❑ It is important that the reference period **must be selected carefully**
 - ✓ if too short a reference period is used, fewer purchases will fall in the reference period
 - ✓ If too long, may cause response bias due to memory lapses

It is consequently consider normal period which may differ from item to item.

Example:



Consumption

short reference (a week) for food, but longer reference (a month ago, a year) for durable goods, clothing, wearing, etc

Income

short reference (a month) for salaries and wages, but longer reference (a year) for agricultural and business income

Repeated visit

- ❑ If use diary mode, shorter Period for repeated visits improves the reliability of the response, such as twice a week

Data Collection :

Questionnaire Design



- ❑ **Simple questionnaire needed to avoid respondent and interviewer fatigue**

In effort to simplify the collection of data on income, some countries have used a method whereby the respondents are shown a list of income ranges and asks to indicate into which one their total household income falls

- ❑ **Sufficient details** : improve overall accuracy and obtain detailed breakdowns of items for a wide range of analytical purposes



Choice of respondent

- ❑ **The choice of respondent can have a substantial effect on the accuracy of survey results.**
- ❑ **It is possible to select for interviews the head of household, the spouse, the main earner, each household members or combination**

METHODOLOGICAL :

1. Definition of household income

2. Definition of household expenditure

Definition Of Household Income

- **Total household income is defined as** the sum of primary income, property income and current transfers and other benefits received. It shows the total current income of the household before direct taxes and before payments of social security and pension fund contributions

TABLE 1. INCOME CONCEPTS OF THE UNITED NATIONS GUIDELINES

1. Primary income (gross consumption of fixed capital) <ul style="list-style-type: none">(a) Compensation of employees<ul style="list-style-type: none">(i) Wages and salaries<ul style="list-style-type: none">a. In cashb. In kind(ii) Employers' contributions to social security and similar schemes(b) Income of members from producers' co-operatives(c) Gross entrepreneurial income of unincorporated enterprises, including withdrawals from quasi-corporate enterprises
2. Property income received <ul style="list-style-type: none">(a) Imputed rents of owner-occupied dwellings(b) Interest(c) Dividends(d) Rent, royalties, patents, copyrights etc.
3. Current transfers and other benefits received <ul style="list-style-type: none">(a) Social security benefits(b) Pensions and life insurance annuity benefits(c) Other current transfers
4. $1 + 2 + 3 =$ total household income
5. Direct taxes paid
6. Social security and pension fund contributions <ul style="list-style-type: none">(a) Social security(b) Pension fund
7. $4 - 5 - 6 =$ total available household income

Definition Of Household Expenditure

- **Final consumption of households include** all cash expenditure on goods and services intended for consumption, goods produced and consumed on own account, including the imputed rent of owner-occupied housing, and goods and services received in kind. Sales taxes paid on goods and services purchased should be included

TABLE 2. CLASSIFICATION OF HOUSEHOLD GOODS AND SERVICE

- Food, beverages and tobacco
 - 1.1 Food
 - 1.2 Non-alcoholic beverages
 - 1.3 Alcoholic beverages
 - 1.4 Tobacco
- Clothing and foot-wear
- Gross rent, fuel and power
 - 3.1 Gross rent and water charges
 - 3.2 Fuel and power
- Furniture, furnishing and household equipment and operation
 - 4.1 Furniture, fixtures and floor coverings
 - 4.2 Household textiles, other furnishings and repairs
 - 4.3 Heating and cooking appliances, refrigerators, washing machines and similar major household appliances, including fittings and repairs
 - 4.4 Glassware, table-ware and household utensils, including repairs
 - 4.5 Household operation except domestic service
 - 4.6 Domestic service

Definition Of Household Expenditure

TABLE 2. CLASSIFICATION OF HOUSEHOLD GOODS AND SERVICE (2)

- Medical care and health expenses
- Transport and communication
 - 6.1 Personal transport equipment
 - 6.2 Operation of personal transport equipment
 - 6.3 Purchased transport
 - 6.4 Communication
- Recreation, entertainment, education and cultural services
 - 7.1 Equipment and accessories, including repairs
 - 7.2 Entertainment, recreational and cultural services, excluding hotels, restaurants and cafes
 - 7.3 Newspapers and magazines
 - 7.4 Education
- Miscellaneous goods and services

PRESENTATION OF RESULTS

TABULATION FOR INCOME AND EXPENDITURE DATA

❑ In level head household or percapita

❑ Cross tabulation between income and expenditure data with

Socio economic group

Size of household

Type of household

Sex

Age group

Urban Rural

Level of educational attainment

Occupation

Type of activity

Ethnic

Main source of income

Categories of expenditures : housing, food, other goods and services
etc

Analysis

Income and expenditure data can be utilized for :

- Analyze Inequality: gini coefficient, World Bank Inequality, ect
- Count Poverty Indicators and analyze the variables related with
- Analyze Living condition
- Analyze Income different occupations for manpower planning
- Analyze the household expenditure by various commodities at different levels income and or total expenditure, estimates of price and income elasticity can be obtained and demand equations can be estimated

Next section is

*Various Questionnaire Income and Expenditure
in Some Countries...*