CHAPTER 10

SOCIAL AFFAIRS AND HOUSEHOLD WELFARE

In 2021/22, household final consumption expenditure rose by 3.9 percent (at constant 2016/17 prices) to Rls. 7,297.6 trillion. The share of household final consumption expenditure in GDE was 43.1 percent at current prices, down by 3.2 percentage points compared with 2020/21.

10.1. Socioeconomic Characteristics of Households in Urban Areas

Household Budget Survey conducted by the CBI showed that the average household size rose by 0.3 percent to roughly 3.2 persons in 2021/22. Households with three and four members enjoyed the highest shares by respectively 27.7 and 27.2 percent, which indicated decreases of 0.5 percentage point and 0.6 percentage point, respectively, compared with 2020/21. The distribution of household members by age group shows that about 19.9 percent of household members in 2021/22 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, 17.4 percent of household members were above 60 years old, showing an increase of 0.7 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 2021/22 reveals that 10.5 percent of household members were illiterate, indicating a fall of 0.3 percentage point compared with 2020/21. The share of university-educated members in total family members was 23.6 percent in 2021/22, showing a decrease compared with 24.1 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 2021/22. In the 1st decile, about 1.6 percent of households were with three employed members and more. The mentioned share was 1.7 percent in the 2nd and 2.4 percent in the 3rd deciles, indicating the low earnings of the employed members in low-income deciles. Reviewing the characteristics of the high-income deciles reveals that 41.4 percent of the households in the 10th decile had one employed person. Moreover, 7.9 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 23.8 percent was related to household members employed in "wholesale, retail trade, restaurants, and hotels" group in 2021/22. Next on the list were "community, social, and personal service activities" group with 19.0 percent and "manufacturing and mining" group with 17.9 percent.

The share of households as homeowners residing in their owner-occupied dwellings fell from 66.0 percent in 2020/21 to 65.6 percent in 2021/22. Regarding expenditure deciles, 7.8 percent of households residing in owner-occupied houses were in the 1st decile, with 8.6 percent being in the 2nd decile, 9.2 percent in the 3rd decile, and 12.2 percent (the highest) in the 10th decile. In the year under review, 24.0 percent of households were residing in rental houses, up by 0.3 percentage point compared with 2020/21. Of all the households in the 1st decile, 30.0 percent were residing in rental houses, down by 2.6 percentage points. This share was 13.3 percent for households in the 10th decile.

A review of the utilities used by urban households in 2021/22 indicates that 99.5 percent of households had access to piped water, 100.0 percent to electricity, 95.6 percent to piped natural gas, and 63.4 percent to the sewage system. About 82.9 percent of households had access to internet, up by 3.7 percentage points. Moreover, 52.2 percent of households owned an automobile and 98.1 percent had cell phones. The share of households with membership in social media increased by 4.1 percentage points compared with 2020/21, to 82.6 percent.

10.2. Household Budget Survey

According to the Economic Statistics Department of the CBI, household expenditure (gross)[1] in urban areas rose by 52.2 percent to Rls. 1,414.8 million in 2021/22 at current prices (Rls. 117.9 million monthly).

Household expenditure (gross) in urban areas was Rls. 356.9 million at constant 2016/17 prices, indicating an increase of 4.0 percent compared with the previous year. A comparison of the workers' nominal minimum wage (Rls. 26,555 thousand monthly) with the nominal expenditure on "food and non-alcoholic beverages" (Rls. 34,331 thousand monthly) indicates that a household with the minimum wage cannot opt for a consumption level equal to that of the sample urban household or the average society.

In 2021/22, several factors influenced changes in household expenditure trends, including the easing of COVID-19 restrictions and the subsequent reopening of many businesses and jobs. Schools and universities, which had shifted to virtual classes in the year before, resumed in-person learning. Additionally, there was an increase in family visitations, the lifting of prohibitions on wedding ceremonies and funerals, and a renewal of intercity mobility and daily commutes. In contrast to 2020/21, when gross household expenditure on various groups such as "restaurants and hotels" and "recreation and culture" had declined compared to 2019/20, the year 2021/22 was witness to significant increases in spending compared with the year before, at current prices. Specifically, expenditures on "restaurants and hotels", "clothing and footwear", and "health" rose by 112.6 percent, 84.4 percent, and 70.9 percent, respectively, at current prices. These groups experienced the highest increases in gross household expenditure among all groups.

[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 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.

In 2021/22, the average gross expenditure of urban households increased by 4.0 percent at constant 2016/17 prices, compared with 2020/21, mainly attributable to the easing of COVID-19 restrictions on household budget. Household spending on all expenditure groups, except for "recreation and culture", "education", "furnishings, household equipment, and routine household maintenance", and "housing, water, electricity, gas, and other fuels" increased in real terms in the year under review. In 2021/22, "communication", "restaurants and hotels", and "tobacco" expenditure groups experienced the highest growth rates by respectively 48.4, 29.4 and 18.7 percent in real terms (constant prices), compared with the year before. "Communication", "food and non-alcoholic beverages", and "health" groups had the most significant influence on the growth of gross expenditure in real terms, at constant 2016/17 prices.

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

				Percentage change		Share (percent)	
	2019/20	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
Food and non-alcoholic beverages	16,966.5	25,966.4	41,197.5	53.0	58.7	27.9	29.1
Tobacco	287.0	371.2	588.0	29.4	58.4	0.4	0.4
Clothing and footwear	1,975.6	2,601.3	4,797.9	31.7	84.4	2.8	3.4
Housing, water, electricity, gas, and other fuels	26,787.0	36,926.1	53,112.7	37.9	43.8	39.7	37.5
Furnishings, household equipment, and routine household maintenance	2,531.2	3,954.3	5,672.5	56.2	43.4	4.3	4.0
Health	3,321.8	4,509.2	7,705.6	35.7	70.9	4.9	5.4
Transport	5,952.9	7,332.7	11,654.4	23.2	58.9	7.9	8.2
Communication	1,201.3	1,894.7	2,895.6	57.7	52.8	2.0	2.0
Recreation and culture	1,012.1	992.4	1,120.6	-1.9	12.9	1.1	0.8
Education	854.9	918.2	1,115.9	7.4	21.5	1.0	0.8
Restaurants and hotels	1,311.5	1,053.5	2,239.9	-19.7	112.6	1.1	1.6
Miscellaneous goods and services	4,982.5	6,421.3	9,383.7	28.9	46.1	6.9	6.6
Total	**67,184.3**	**92,941.2**	**141,484.5**	**38.3**	**52.2**	**100.0**	**100.0**

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

				Percentage change		Share in growth (percent)	
	2019/20	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22
Food and non-alcoholic beverages	6,674.5	6,586.4	7,009.3	-1.3	6.4	-0.3	1.2
Tobacco	113.2	109.1	129.5	-3.6	18.7	0.0	0.1
Clothing and footwear	901.7	842.9	989.6	-6.5	17.4	-0.2	0.4
Housing, water, electricity, gas, and other fuels	17,282.0	18,152.2	17,867.0	5.0	-1.6	2.5	-0.8
Furnishings, household equipment, and routine household maintenance	942.4	927.9	899.3	-1.5	-3.1	0.0	-0.1
Health	2,046.7	2,199.8	2,583.3	7.5	17.4	0.4	1.1
Transport	2,469.1	1,625.5	1,814.2	-34.2	11.6	-2.4	0.5
Communication	736.5	887.6	1,317.0	20.5	48.4	0.4	1.3
Recreation and culture	372.8	268.1	219.5	-28.1	-18.2	-0.3	-0.1
Education	547.3	498.5	476.0	-8.9	-4.5	-0.1	-0.1
Restaurants and hotels	617.2	370.7	479.7	-39.9	29.4	-0.7	0.3
Miscellaneous goods and services	2,121.1	1,855.5	1,905.6	-12.5	2.7	-0.8	0.1
Total [1]	**34,824.4**	**34,324.3**	**35,690.0**	**-1.4**	**4.0**	**-1.4**	**4.0**

[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 2021/22

(percent)

	Growth in gross household expenditure (at current prices)	Inflation (at constant 2016/17 prices)	Growth in gross household expenditure (real terms, constant 2016/17 prices)
Food and non-alcoholic beverages	58.7	49.1	6.4
Tobacco	58.4	33.4	18.7
Clothing and footwear	84.4	57.1	17.4
Housing, water, electricity, gas, and other fuels	43.8	46.1	-1.6
Furnishings, household equipment, and routine household maintenance	43.4	48.0	-3.1
Health	70.9	45.5	17.4
Transport	58.9	42.4	11.6
Communication	52.8	3.0	48.4
Recreation and culture	12.9	38.0	-18.2
Education	21.5	27.3	-4.5
Restaurants and hotels	112.6	64.3	29.4
Miscellaneous goods and services	46.1	42.3	2.7
Total	**52.2**	**46.2**	**4.0**

10.3. Analysis of Household Expenditure by Decile

The results of the household expenditure survey by various deciles shows that the ratio of the richest 10 percent of households was 15.0 times that of the poorest 10 percent in 2021/22, indicating a decrease of 1.2 points compared with 2020/21. This is indicative of a decrease in income inequality in urban areas in 2021/22. 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 increased compared with the year before. The highest increases in 2021/22 were related to the 7th and 8th deciles with 5.0 percent.

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 2021/22, at current prices. In the 1st and 2nd deciles, the collective shares of the mentioned groups in gross household expenditure were 78.3 and 74.1 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". The lowest collective share of these two groups at 63.2 percent was related to the 10th decile.

Figure 10.1. Share of Expenditure Groups in Gross Household Expenditure in Urban Areas in 2021/22

(percent, current prices)

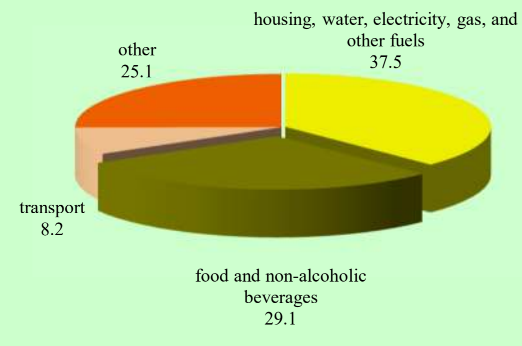
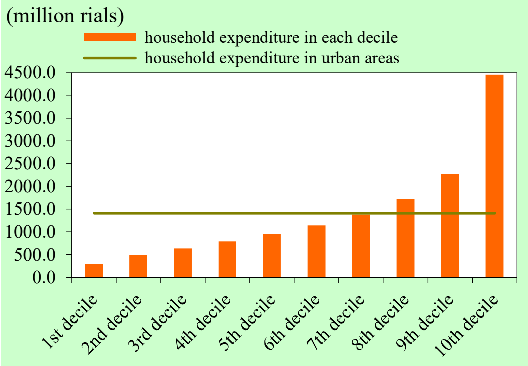


Table 10.4. Gross Household Expenditure in Urban Areas by Expenditure Decile (at current and constant 2016/17 prices) (ten thousand rials)

	1st decile	2nd decile	3rd decile	4th decile	5th decile	6th decile	7th decile	8th decile	9th decile	10th decile
Expenditure in nominal terms (gross)										
2020/21	19,576	32,106	42,014	51,912	62,413	74,529	90,722	113,399	151,791	290,926
2021/22	29,667	49,248	64,004	79,143	95,338	114,201	137,974	172,145	227,697	445,389
Growth in nominal terms (percent)	51.5	53.4	52.3	52.5	52.8	53.2	52.1	51.8	50.0	53.1
Growth in real terms (percent)[1]	2.3	3.7	3.7	4.4	3.0	2.9	5.0	5.0	1.6	4.6

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

Figure 10.2. Comparison of Household Expenditure in Urban Areas with Expenditure in Each Decile at Current Prices in 2021/22



10.4. Household Expenditure by Province

A review of the household expenditure (gross) in urban areas of various provinces indicates that Tehran Province accounted for the highest expenditure in 2021/22, while Hormozgan Province accounted for the lowest expenditure at current prices. The average household expenditure in Tehran was 3.3 times as high as the household expenditure in Hormozgan at current prices. A look at the household expenditure at constant 2016/17 prices indicates that Tehran and Lorestan provinces experienced the highest and the lowest expenditures, respectively, in real terms. The average household expenditure in Tehran was 3.2 times as high as the household expenditure in Lorestan, at constant 2016/17 prices. In 2021/22, the highest number of household members on average (4.23 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, while the lowest was related to Sistan and Baluchistan Province.

Table 10.5. Decomposition of Expenditure Groups in Urban Areas in 2021/22 by Decile (at current prices) (percent)

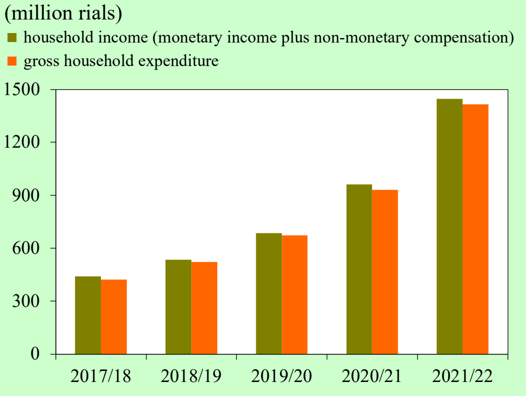
	1st decile	2nd decile	3rd decile	4th decile	5th decile	6th decile	7th decile	8th decile	9th decile	10th decile	Average share
Food and non-alcoholic beverages	34.0	35.4	35.4	34.9	34.4	34.2	33.2	32.2	28.8	21.5	29.1
Tobacco	1.2	1.0	0.9	0.5	0.6	0.5	0.4	0.3	0.4	0.2	0.4
Clothing and footwear	1.2	2.1	2.0	2.4	2.9	3.3	3.7	3.8	3.8	3.7	3.4
Housing, water, electricity, gas, and other fuels	44.3	38.7	37.9	37.3	36.3	34.7	34.5	33.8	34.8	41.7	37.5
Furnishings, household equipment, and routine household maintenance	2.3	2.7	2.9	3.3	3.4	3.9	3.9	4.3	4.8	4.3	4.0
Health	4.2	4.8	4.7	5.0	5.0	5.2	5.4	5.7	6.2	5.5	5.4
Transport	3.7	4.4	4.9	5.2	5.4	5.6	5.8	6.7	8.4	12.5	8.2
Communication	2.5	2.6	2.5	2.3	2.3	2.4	2.2	2.2	2.1	1.6	2.0
Recreation and culture	0.3	0.5	0.5	0.5	0.7	0.7	0.8	0.9	0.9	0.9	0.8
Education	0.3	0.5	0.7	0.7	0.7	0.8	0.8	0.8	0.9	0.8	0.8
Restaurants and hotels	0.6	0.8	0.8	0.9	1.1	1.3	1.7	1.8	1.9	1.9	1.6
Miscellaneous goods and services	5.3	6.5	6.8	6.9	7.2	7.4	7.4	7.4	7.1	5.5	6.6

10.5. Household Income

In 2021/22, household income (monetary income plus non-monetary compensation) rose 50.5 percent to Rls. 1,446.4 million at current prices (Rls. 120.5 million monthly). Monetary income and non-monetary compensation constituted respectively 66.6 and 33.4 percent of the 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 2021/22, 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 25.2 percent, indicating an increase of 1.0 percentage point compared with the year before. Meanwhile, comparing household income at Rls. 1,446.4 million with household expenditure at Rls. 1,414.8 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, fell by 3.3 percent to 0.4048 in 2021/22. Moreover, the ratio of the income of the richest 10 percent of households, which was 16.18 times that of the poorest 10 percent in 2020/21, decreased to 15.00 times in 2021/22 and the share of the 20 percent of high-income households decreased by 1.45 percentage points from 49.05 percent in 2020/21 to 47.60 percent in 2021/22. A review of the shares of income deciles in total income indicates that the share of the 1st decile remained unchanged, while the shares of the 2nd to 9th deciles increased and that of the 10th decile decreased compared with 2020/21. Thus, income distribution was disadvantages to high-income groups, while in favor of low- and middle-income groups in the year under review.

Table 10.6. Income Inequality Metrics in Urban Areas

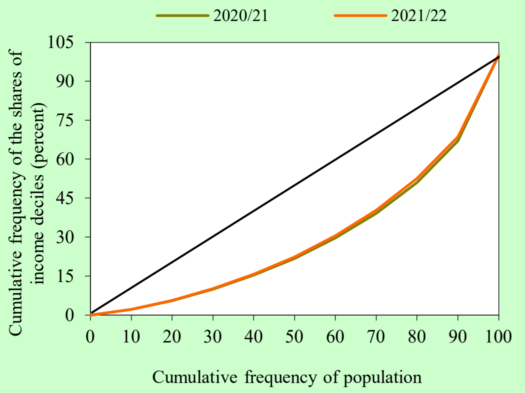
	2020/21	2021/22
Gini coefficient	0.4185	0.4048
Share of 40 percent of low-income households (percent)	15.24	15.70
Share of 40 percent of middle-income households (percent)	35.70	36.72
Share of 20 percent of high-income households (percent)	49.05	47.60
Ratio of richest 10 percent to poorest 10 percent of households (times)	16.18	15.00

10.7. Social Security

10.7.1. Non-contributory Coverage

The number of people covered by Imam Khomeini Relief Foundation totaled 4,671 thousand in 2021/22, up by 4.2 percent (190 thousand persons) compared with 2020/21. The grants provided as livelihood support to the beneficiaries of the Foundation rose by 25.6 percent at constant 2016/17 prices, to reach Rls. 43.8 million at current prices.

Figure 10.4. Lorenz Curve



10.7.2. Contributory Coverage

Social Security Organization, Iran Health Insurance Organization[1], and several independent Funds are responsible for the provision of contributory insurance in Iran. In 2021/22, the total number of people covered by the Social Security Organization and Iran Health Insurance Organization increased by 1.0 percent to about 87.2 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 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 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 2021/22, the number of the main insured parties increased by 3.7 percent to 15.1 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 2.2 percent to 45.1 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 8.6 percent compared with 2020/21, to reach 2,398.1 thousand in 2021/22.

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 2021/22, the number of parties insured by Iran Health Organization fell by 0.3 percent compared with the year before, to reach 42.2 million persons, of whom 20.1 million were under the coverage of Rural Dwellers' Fund. Meanwhile, 14.1 million were insured under the Public Health Insurance Law, 5.1 million were covered by the Staff Fund, 0.2 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 Public Health Insurance Law and "other" categories increased compared with the year before, while the number of people insured under Rural Dwellers' Fund, the Staff Fund and the Iranian Insurance Project decreased in 2021/22 when compared with 2020/21.

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 1,770 in 2021/22, indicating a decrease of about 2.6 percent compared with 1,817 in 2020/21. The amount approved to be contributed by the government to the Fund increased by 23.3 percent to Rls. 10,700.0 billion. The number of people insured by Rural Dwellers' Social Insurance Fund was almost 2,187.9 thousand in 2021/22, indicating an increase of 10.3 percent compared with 2020/21.

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

	2020/21	2021/22	Percentage change
Main insured (thousand)	1,983.9	2,187.9	10.3
Brokerage firms	1,817	1,770	-2.6

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 0.774, ranked 76 among 191 countries in 2021. Moreover, based on the 2021-2022 Report, life expectancy at birth was 73.9 years for the Iranians in 2021, lower than the figure in 2020 (74.8 years).

[1] Based on the 2021-2022 Human Development Report (HDR)

In 2021, the mean years of schooling, defined as the average number of years of education received by people aged 25 and older, was 10.6 years for the Iranian adults, remaining rather unchanged compared with 2020. Moreover, the expected years of schooling, equal to the number of years of schooling that a child of school entrance age can expect to receive, was 14.6 years for children at school age in Iran, registering no significant change compared with 2020. Meanwhile, gross national income (GNI) per capita, defined as aggregate income of an economy generated by its production and ownership of factors of production, less the incomes paid for the use of factors of production owned by the rest of the world, converted to international dollars using PPP rates divided by midyear population, was estimated at $13,001 for Iran in 2021. This pointed to a rise compared with $12,624 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 0.774, was ranked among countries with high human development in 2021. The average HDI in 66 countries enjoying very high human development was 0.896 in 2021, indicating a slight rise compared with 0.895 in 2020. Average world HDI was 0.732 in 2021, indicating a decrease of 0.003 point compared with 0.735 in 2020. Switzerland had the highest HDI value of 0.962 in 2021. The Inequality-adjusted Human Development Index (IHDI), adjusted for inequalities in the three basic dimensions of human development, was 0.894 for Switzerland and 0.686 for Iran in 2021.