

THE DECILE DISTRIBUTION OF CONSUMPTION AND INCOME IN THE REPUBLIC OF SERBIA IN 2018

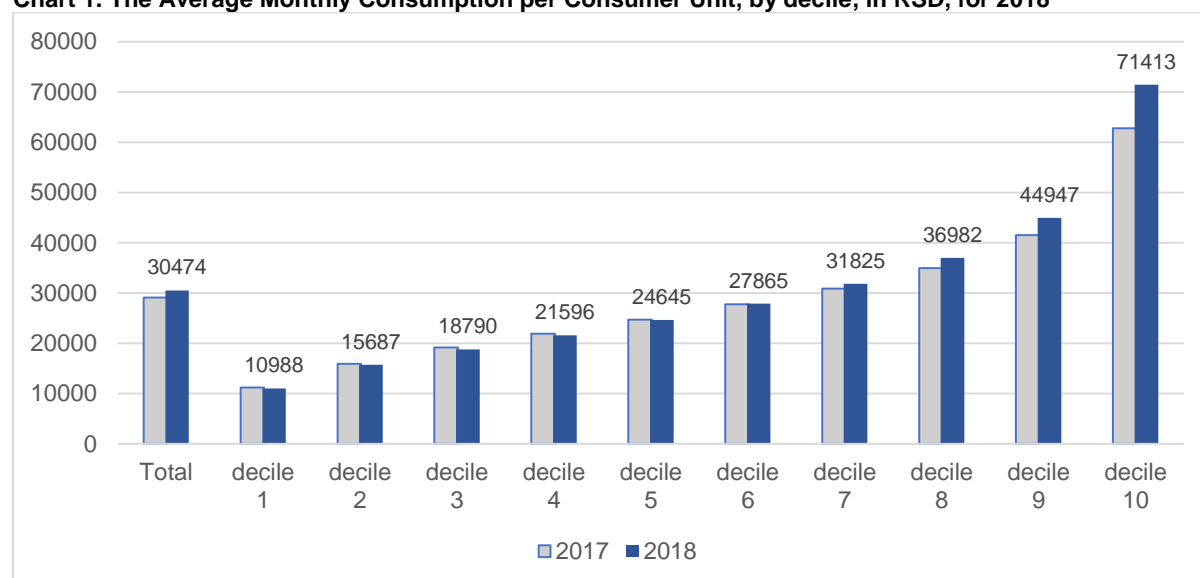
The decile distribution of the income/consumption in 2018 confirms the general trends of distribution that were present [in the previous period](#), and according to several observed indicators, points to the decline of the position of the poorer part of the population, compared to the previous year.

Average consumption decile – In 2018, for the first time since this type of analysis was conducted, there was a nominal decrease in the average consumption of the first decile. Apart from the first decile, the nominal decrease of average consumption was realized by the first five deciles.

The average monthly consumption of the first decile in 2018 was RSD 10,988 per consumer unit, while the average consumption of the tenth decile was six and a half times higher, i.e. RSD 71,413 per consumer unit. With this, the ratio of the average consumption of the lowest and the highest decile changed significantly to the detriment of the poorest decile, and a more unfavourable ratio was recorded only in 2006.

The consumption top cut-off point of the poorest decile, which represents the highest equivalent consumption of this segment of the population is only RSD 13,894 per month.

Chart 1. The Average Monthly Consumption per Consumer Unit, by decile, in RSD, for 2018



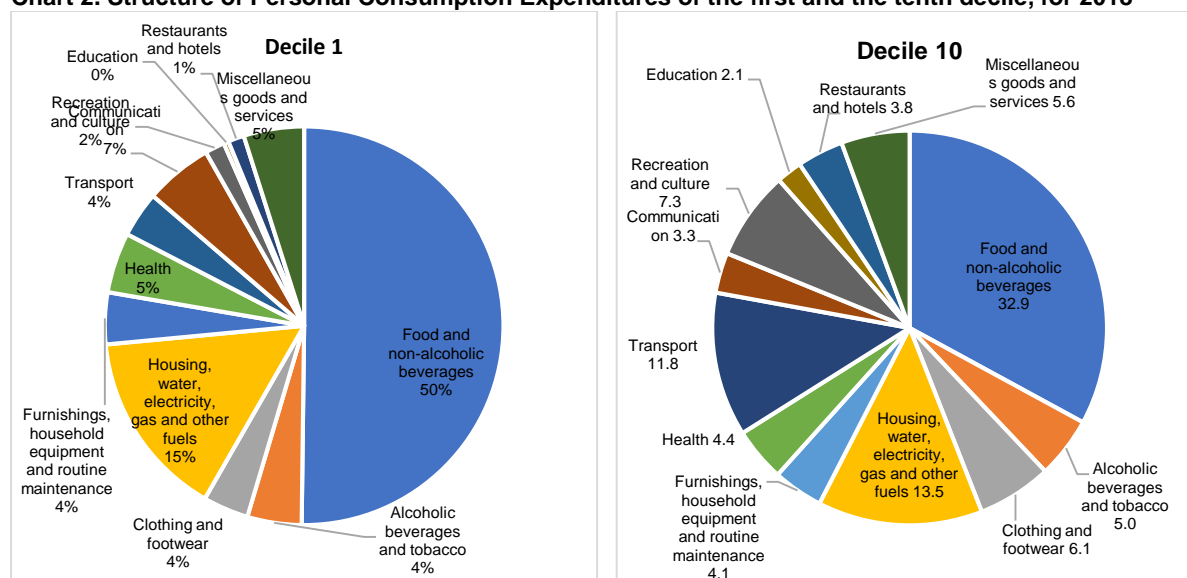
Source: Household Budget Survey, Statistical Office of the Republic of Serbia, 2018. The data was processed specifically for the needs of the Social Inclusion and Poverty Reduction of the Government of the Republic of Serbia

Average income decile - The ratio of the average income of the first and the tenth decile in 2018 is changing to the detriment of the poorest decile, it increased from 7.7 in 2017 to 9 in 2018. Namely, the average monthly income of the first decile in 2018 is RSD 9,453 per consumer unit, while the average monthly income of the tenth decile is RSD 85,186 per consumer unit.

The income top cut-off point of the poorest decile, which represents the highest equivalent income of this segment of the population is only RSD 14,440 per month.

Structure of Personal Consumption Expenditures – In 2018, in the structure of personal consumption expenditures for the poorest decile, the share of expenditures on food and non-alcoholic beverages increased compared to the year before and accounts for more than half of the expenditure of the first decile. In relation to the richest decile, beside in this item of consumption, significant differences remain in the share of expenditures directed towards education, recreation and culture, transport, restaurants and hotels.

Chart 2. Structure of Personal Consumption Expenditures of the first and the tenth decile, for 2018



Source: Household Budget Survey, Statistical Office of the Republic of Serbia, 2018. The data was processed specifically for the needs of the Social Inclusion and Poverty Reduction of the Government of the Republic of Serbia

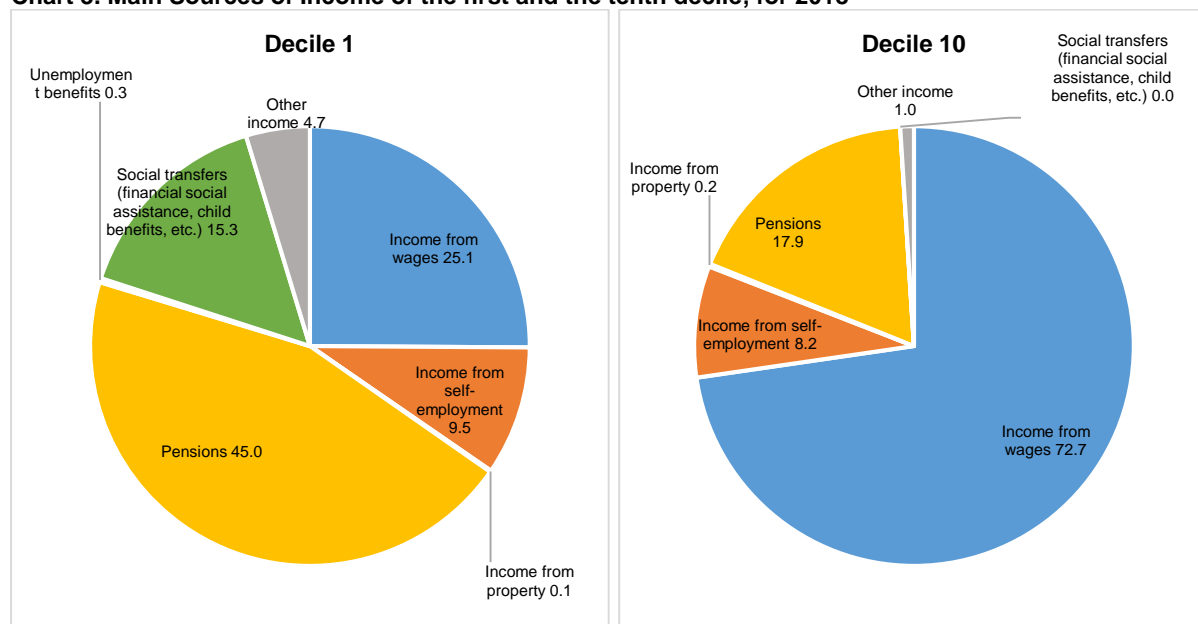
Structure of Income Sources – Compared to the previous year, in 2018, structure of income sources further deteriorated in the poorest decile. Namely, income from wages is the main source of income for a dramatically smaller share of persons of the first decile. In 2017, income from wages was the primary source of income for almost a third of persons (32.4%), while in 2018, this share decreased to one quarter (25.1%). Pensions remain the primary source of income for this decile with a share of 45%, and social transfers, with a share of 15.3%, make up the third largest source of income for the poorest decile. Social transfers are the primary source of income for less than five 5% of persons of the second decile, and less than 1% of persons from the fourth decile.

Table 1: Main Sources of Income by deciles, for 2018

	Total	Deciles									
		1.	2.	3.	4.	5.	6.	7.	8.	9.	10.
Income from wages	54.9	25.1	41.1	45.3	53.1	53.3	60.9	62.7	64.0	69.5	72.7
Income from self-employment	8.8	9.5	8.2	11.7	10.1	8.2	10.2	9.0	7.8	5.5	8.2
Income from property	0.2	0.1	0.4	0.4	0.2	-	-	0.4	0.4	0.1	0.2
Pensions	32.0	45.0	44.0	38.5	34.5	35.4	27.0	26.9	26.3	23.9	17.9
Unemployment benefits	0.1	0.3	0.1	0.2	0.2	0.4	0.3	-	0.1	-	-
Social transfers (financial social assistance, child benefits, etc.)	2.4	15.3	4.5	2.5	0.5	0.3	0.4	0.2	-	-	-
Other income	1.6	4.7	1.7	1.4	1.4	2.4	1.2	0.8	1.4	1.0	1.0

Source: Household Budget Survey, Statistical Office of the Republic of Serbia, 2018. The data was processed specifically for the needs of the Social Inclusion and Poverty Reduction of the Government of the Republic of Serbia

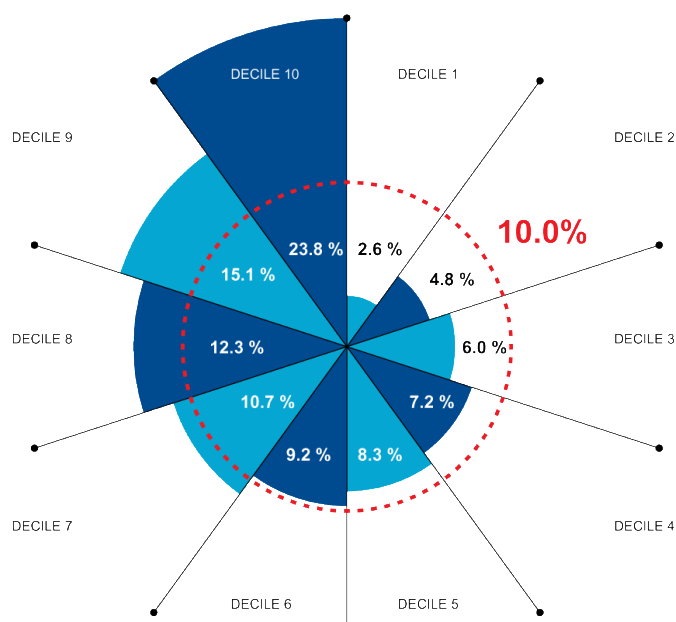
Chart 3. Main Sources of Income of the first and the tenth decile, for 2018



Source: Household Budget Survey, Statistical Office of the Republic of Serbia, 2018. The data was processed specifically for the needs of the Social Inclusion and Poverty Reduction of the Government of the Republic of Serbia

Income Distribution by deciles – In 2018, in the Republic of Serbia, the poorest 10% of the population has further reduced its share in total income and it amounts to 2.6% (compared to 3.1% in 2017). On the other hand, 10% of the richest population increased their share in the total income generated in the country, which amounts to 23.8% (compared to 20.0% in 2017) of the total income generated.

Chart 4. Distribution of total income by deciles



Source: Household Budget Survey, Statistical Office of the Republic of Serbia, 2018. The data was processed specifically for the needs of the Social Inclusion and Poverty Reduction of the Government of the Republic of Serbia

Data on **median consumption/income**, as consumption/income of an average (median) person who divides the distribution of consumption into two parts¹, can be found [in the accompanying data](#), which form an integral part of this publication. [The accompanying files](#) also show the **growth rates** of average and median consumption and income, as well as information on the average number of household members and the average number of consumption units per decile.

Methodological Notes

The decile analysis is an analytical procedure by means of which the equivalent consumption/income of all households or individuals are ranked from lowest to highest. Ranked in this way, households/individuals are divided into ten equal groups. Households/individuals with the lowest equivalent consumption/income are in the first decile (the poorest households), while households/individuals with the highest equivalent consumption/income are in the tenth decile (the richest households).

In preparing this publication, deciles were categorized by dividing the total population² into ten equal groups, using the corresponding equivalence scale for consumption and income, respectively. The use of an equivalence scale (consumption units) allows for comparability of data on the consumption/income of individuals living in different-size households (number of household members) through a joint denominator - the consumption unit.

For the calculation of the equivalent consumption, we used the OECD equivalence scale, which assigns a value of 1 to the household head, of 0.7 to each additional adult household member (aged 14 or over), and of 0.5 to each child (below the age of 14). For the calculation of the equivalent income, we used the modified OECD equivalence scale, which assigns a value of 1 to the household head, of 0.5 to each additional adult household member (aged 14 or over), and of 0.3 to each child (below the age of 14).

In the Household Budget Survey (HBS), the household income in money and in kind includes only current receipts of all household members (not including cash, consumer or investment loans, income from the sale of movable and immovable property and similar). Likewise, personal consumption includes current, typical spending of all household members, which means that investment spending, loan repayment, tax payment and similar are not monitored. According to the HBS, the full amount of each purchase is recorded, regardless of whether the goods/services were purchased on credit or paid in cash.

An important feature of this survey is that it does not apply weighting (equalization) of household income and consumption³.

¹ With approximately the same number of individuals.

² Depending on the choice, it is possible to form deciles by dividing the total number of households into ten equal units. This approach was applied in developing the Household Budget Survey of the Statistical Office of the Republic of Serbia.

³ More information on the Household Budget Survey methodology is available at: <http://www.stat.gov.rs/sr-latn/istrzivanja/methodology-and-documents/?a=01&s=0101>