HOUSEHOLD EXPENDITURE
HOUSEHOLD INCOME & EXPENDITURE SURVEY 2019

National Bureau of Statistics,
Ministry of National Planning, Housing & Infrastructure

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INTRODUCTION

Household expenditure data used in this analysis comprise of consumption expenditure incurred by households. This includes data from the Household Income and Expenditure Survey (HIES 2019) on amount of money spent by households on consumer goods and services (food, clothing, education, health, transport and communication services, utilities etc.) used by or paid for by a household to satisfy the needs and wants of its members[1]. Consumption expenditure used here does not include goods and services that the households receive in-kind or as gifts. As such, expenditure values used here, reflects only those goods and services purchased by the household. Households can finance their expenditure through regular income sources such as income from work, transfer income, property and investment income, from saving, through irregular receipts such as capital gains or loans.

Information on food and non- food expenditures, and services acquired by households were collected in HIES 2019 using a pre-defined list of commonly incurred expenses, by the households during the given reference period. It uses recall method. The reference period varied from one month to 12 months, depending on the type of expense. Food items were based on items in the list that was consumed during the past seven days as reference period and if those food items purchased then the quantity and value of last purchase was recorded and used. The varying reference periods used in the survey data collection has been converted into monthly expenditure values and aggregated.

Data in HIES 2019 also included items 'received' in kind and as gifts by the household. However, they were not valued in monetary terms and not included in deriving the household expenditures.

Similarly, the imputed rental of owner-occupied accommodation is excluded from overall household expenditure as it does not result in a cash outlay. Only the values of actual rent by households living in rented accommodation is included as household expenditure in this analysis.

Expenditure estimates in this analysis is in nominal terms. It is also important to note that this analysis is based only the households which reported expenditure[2]. The results of the survey are presented at national level, disaggregated by capital Male' and rest of the Atolls combined and sometimes by individual Atolls (except for three Atolls –Meemu, Noonu, Gnaviyani where data is not available at this level).

1 Non-consumption expenditures such as loan repayments, income taxes and purchase of houses are excluded.

2 Out of the 87,538 households in the survey, expenditure analysis includes 86,610 households that had reported expenditure values, in order to avoid distortions.

HOUSEHOLD EXPENDITURE

According to the Table 1 the average monthly household expenditure is MVR 28,251 per month for the country in 2019. When Male' and Atolls are compared, household in Male' spent MVR 37,013 per month which is higher than the national figure while a household in Atoll have spent MVR 20,177 per month.

Table 1: Mean and median household expenditure by Male' & Atolls, 2019

	Republic	Male'	Atolls
Household Expenditure (in MVR)			
Average household Expenditure	28,251	37,013	20,177
Median household expenditure	24,932	35,026	17,154

Source: Household Income and Expenditure Survey, 2019

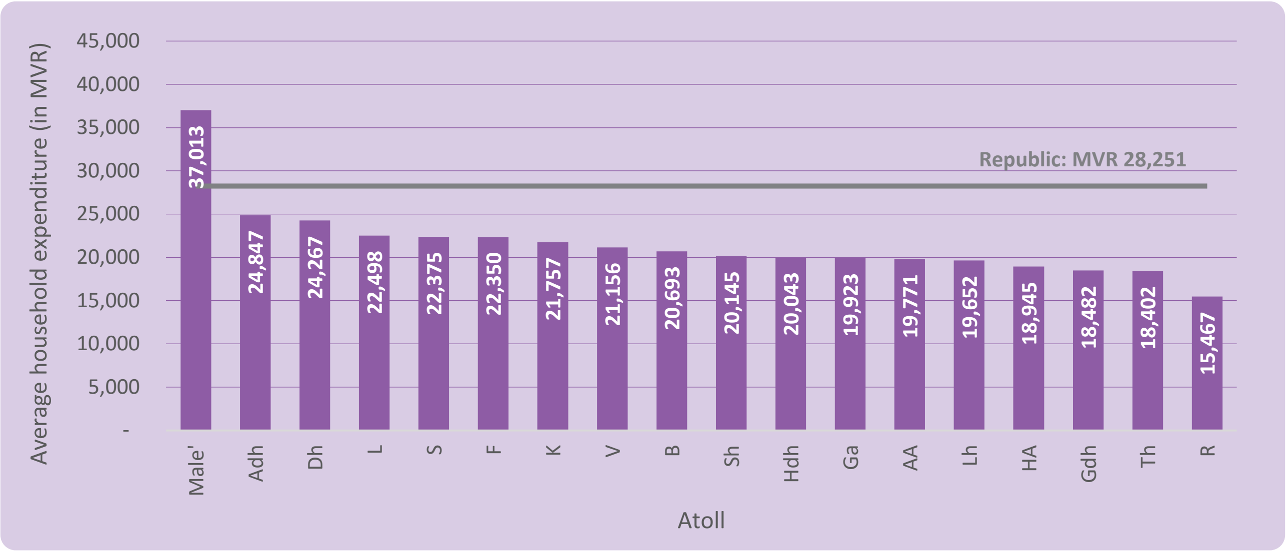
Median household expenditure is a better indicator than the mean (average) household expenditure as the median is not dramatically affected by extreme or unusually high or low values. If the median and mean vary greatly, then income varies greatly among the households.

In 2019 the median household expenditure per month is MVR 24,932 which means 50 percent of the total households spent less than MVR 24,932 per month. Average household income of MVR 28,251 per month was higher compared to the median of MVR 24,932 per month.

When we consider the Atolls as a whole, 50 percent of the households in Atolls spend an amount that is less than MVR 17,154, as combined total expenditure of all household members, per month, on average.

Figure 1 shows the monthly average household expenditure by Atolls. Comparison of average household expenditure by Atoll, shows the highest reported from Alif Dhaal (Adh) atoll (MVR24,847) and the lowest average household expenditure reported from Raa Atoll (MVR 15,467). Among the Atolls it is observed that nine Atolls (Sh, Hdh, Ga, AA, Lh, HA, Gdh, Th, R) had average monthly household expenditure for that Atoll, below that of Atolls average of MVR 20,177 per household.

Figure 1: Average monthly household expenditure by Atolls, 2019



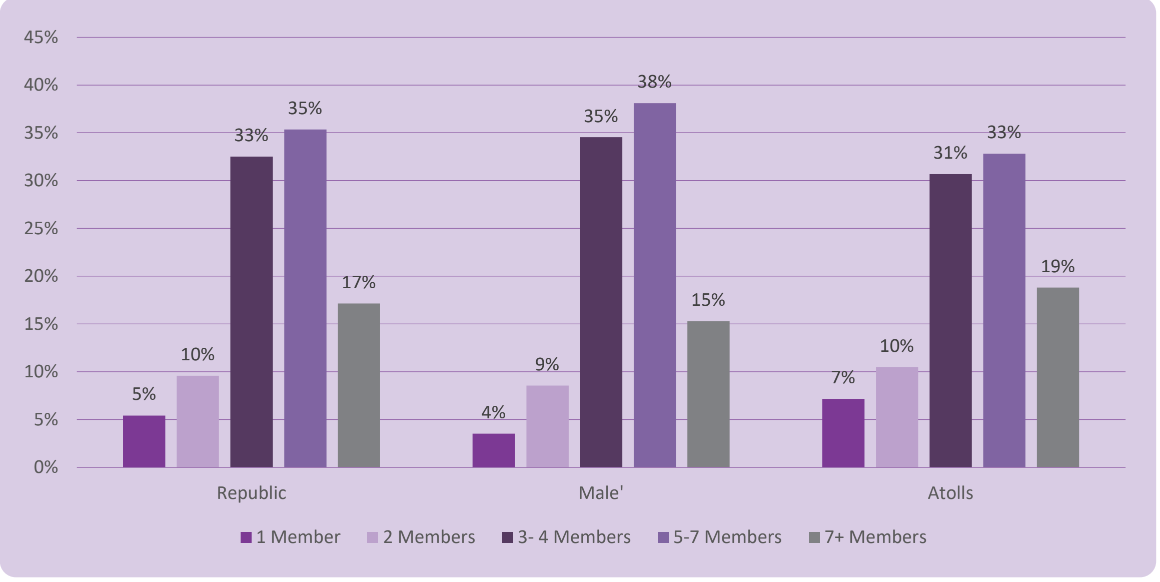
Source: Household Income and Expenditure Survey, 2019

EXPENDITURE PER HOUSEHOLD MEMBER

It is important to derive household expenditure per household member to account for the differences in household members. If we consider for two households with the same total household expenditure but with different number of household members, the expenditure share per member will be quite different. In 2019 the average household size was 5.2 at national level, 5.1 for Male' and 5.2 for Atolls. However, this varies substantially across the households as shown in Figure 2 with percentage shares of households by number of members.

In case of Atolls while majority of households have between of 3 and 7 members, one tenth of households have 2 members and one fifth have more than 7 members per household.

Figure 2: Percentage of households by number of members, 2019



Source: Household Income and Expenditure Survey, 2019

The expenditure per household member is calculated by dividing the estimated total household expenditure by the estimated number of people in the household.

Table 2 shows the mean and median of monthly expenditure per household member by Male' and Atoll in 2019. The results showed that on average a person spend MVR 5,439 per month at national level while the expenses of a person in Male' is higher than that of the national level, at MVR 7,177. This is substantially low in the Atolls at MVR 3,860, where a person spends MVR 3,317 less than that of an individual in Male'.

When we consider the Atolls as a whole, 50 percent of the households spend an amount which is less than MVR 3,401 per household member, on average per month.

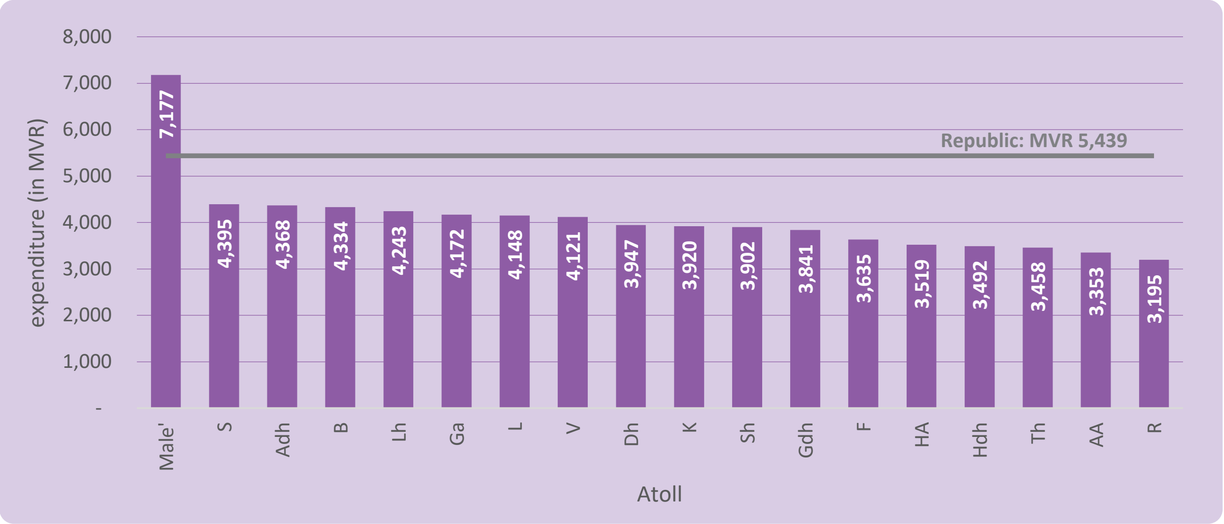
Table 2: Mean and median monthly expenditure per household member by Male' & Atolls, 2019

	Republic	Male'	Atolls
Expenditure per household member (in MVR)			
Average expenditure per household member	5,439	7,177	3,860
Median expenditure per household member	4,648	6,448	3,401

Source: Household Income and Expenditure Survey, 2019

Across the Atolls the average expenditure per household member ranges between MVR 3,000-4,000 per month. The highest average expenditure per household member is in Seenu (S) while the lowest is in Raa atoll (R). Figure 3 shows graphical representation of the average expenditure per household member by Atolls. Among the Atolls it is observed that eight Atolls (Gdh, F, HA, Th, Hdh, Th, AA, R) had average per capita monthly expenditures for that Atoll, below that of Atolls average of MVR 3,860 per member.

Figure 3: Average monthly expenditure per household member by Atolls, 2019



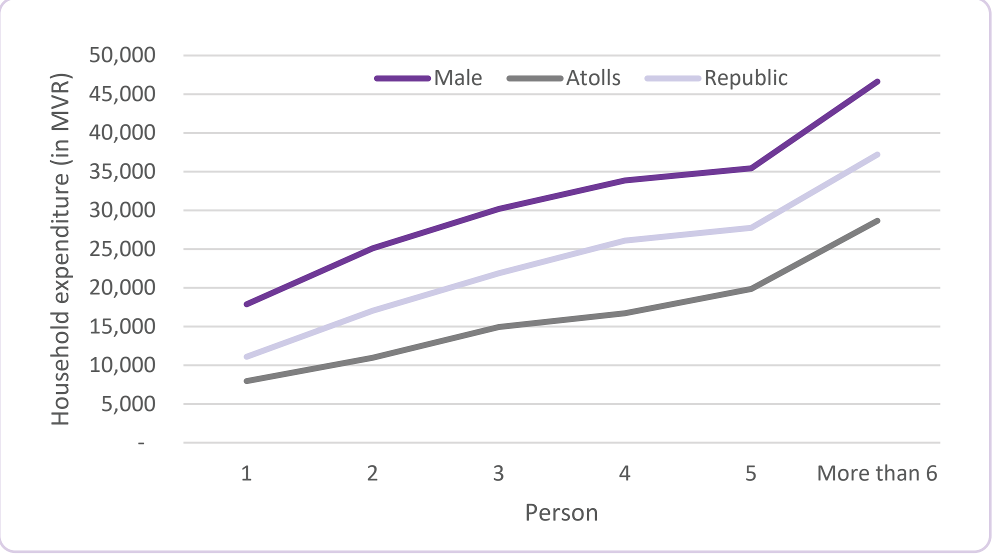
Source: Household Income and Expenditure Survey, 2019

Slight differences in order of the Atolls are observed when compared to household expenditure in Figure 1 above (where Alif Dhaal (Adh) was highest among Atolls with Seenu (S) at forth). This is due to the differences in the household size.

AVERAGE MONTHLY HOUSEHOLD EXPENDITURE PER HOUSEHOLD MEMBER DECLINED WITH HOUSEHOLD SIZE

We can observe economies of scale in household expenditure. Average monthly household expenditure increased with household size (Figure 4). In 2019, for the whole country, average monthly household expenditure increased steadily from MVR 11,100 for one-person households to MVR 37,225 for households with six or more persons. This pattern is similar for both Male' as well as the Atolls.

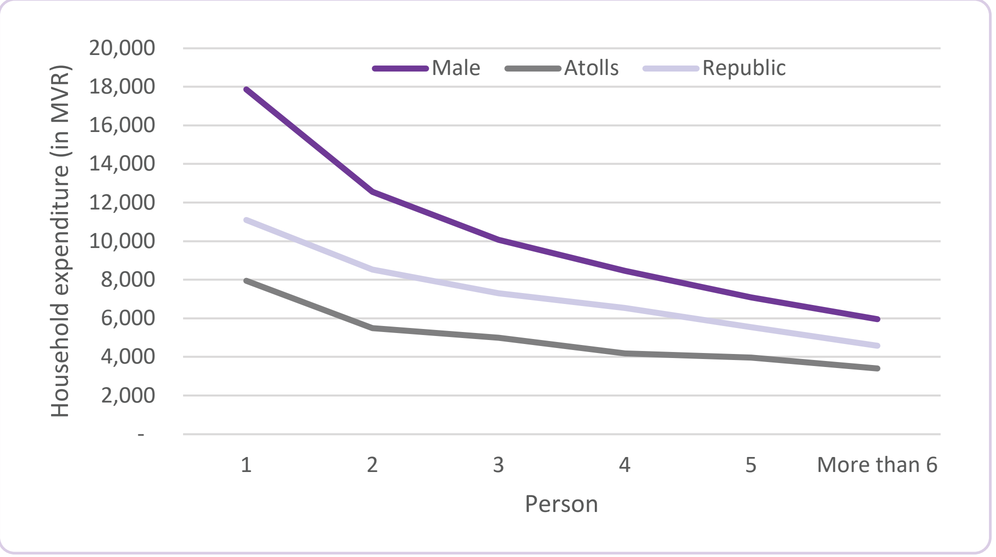
Figure 4: Average monthly household expenditure by household size, 2019



Source: Household Income and Expenditure Survey, 2019

Even though larger households incurred higher expenditures, they also enjoyed greater economies of scale from resource pooling and the sharing of common facilities. In 2019, the average monthly household expenditure per household member declined with household size, from an average of MVR 11,100 for one person households to MVR 4,578 for households with six or more persons (Figure 5). The difference in the amount that a one-person household has to pay is quite high in Male' compared to the Atolls. On average, a person in Male' has to spend twice as much as a person in the Atolls, during a month.

Figure 4: Average monthly household expenditure by household size, 2019



Source: Household Income and Expenditure Survey, 2019

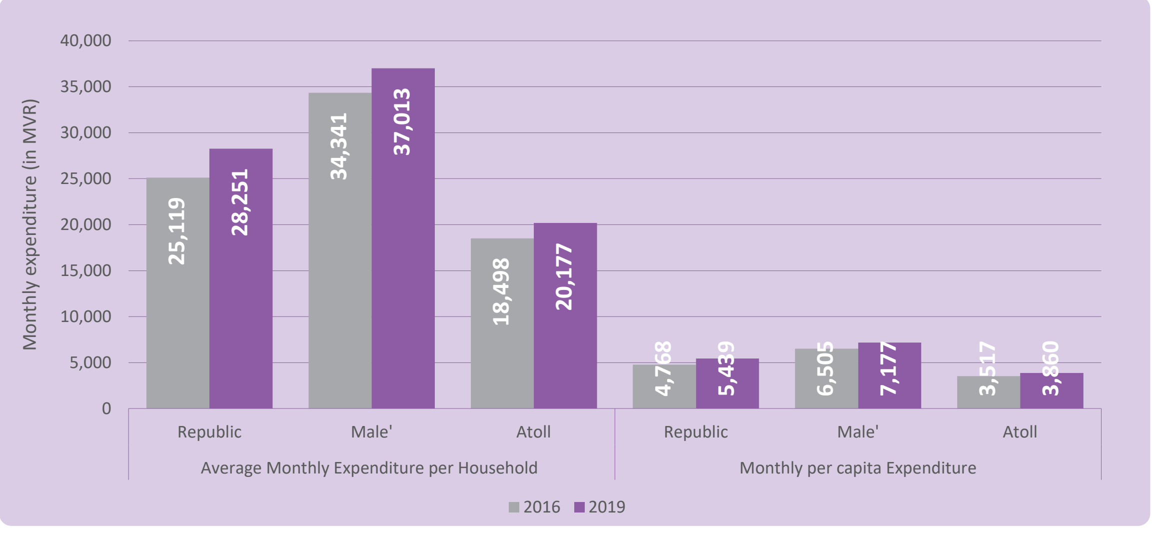
AVERAGE HOUSEHOLD EXPENDITURE INCREASED IN NOMINAL TERMS DURING 2016 AND 2019

Average monthly household expenditure[3] increased from MVR 25,119 in 2016 to MVR 28,251 in 2019, or 4%[4] per annum in nominal terms, at national level (Figure 6 and Figure 7). Between HIES 2016 and 2019, in Male' average household expenditure rose by 2.5% per annum while in the Atoll it rose by 2.9%.

Changes in household composition and size, which also vary for households in different income quintiles have an impact on household expenditure. Average monthly household expenditure per household member thus provides a more realistic picture when comparing household expenditure across households by localities as well as over time.

On a per household member basis, average monthly household expenditure increased from MVR 4,768 in to MVR 5,439 in 2019, or 4% per annum, higher than the increase at household level.

Figure 6: Average monthly household expenditure, 2016- 2019

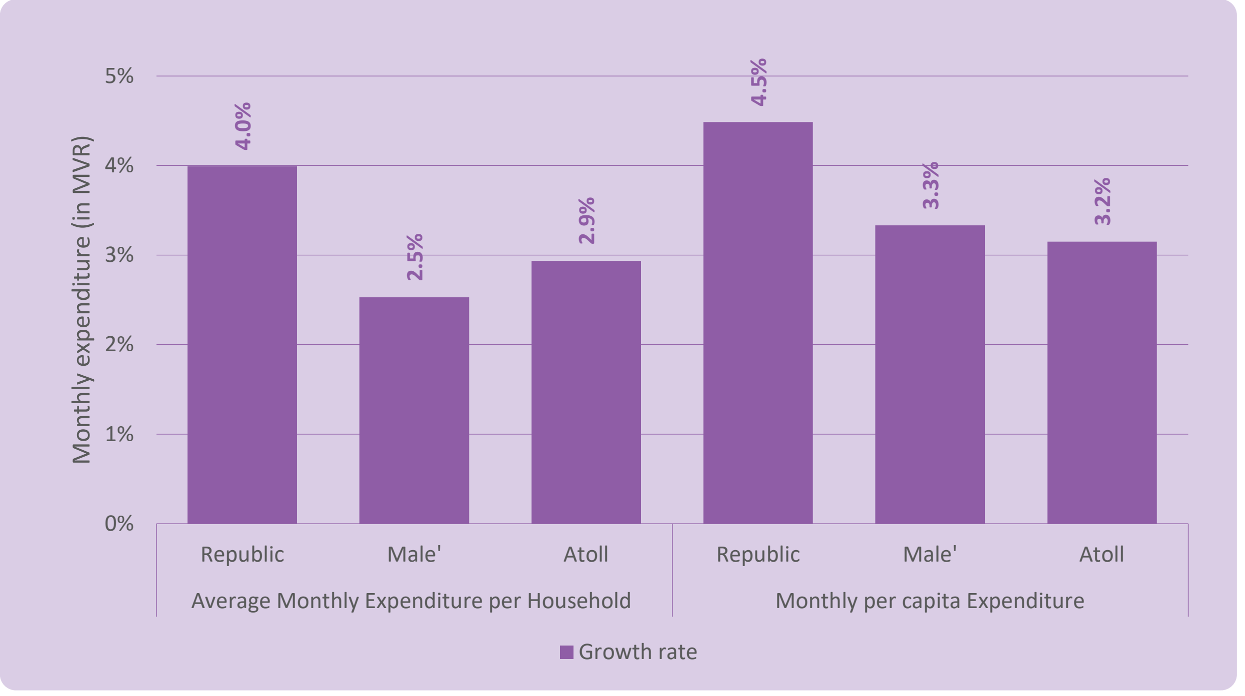


Source: Household Income and Expenditure Survey, 2019

3 Expenditure data exclude imputed rental of owner-occupied accommodation

4 Values and growth rates for expenditure are in nominal terms. As such it does not account for inflation during this period. After adjusting to the inflation, the real growth rate between 2016 and 2019 for average monthly expenditure per household was 2.9% per annum. And monthly per capital expenditure grow at 3.4% per annum during the period.

Figure 7: Average annual change in monthly household expenditure, 2016-2019



Source: Household Income and Expenditure Survey, 2019

EXPENDITURE PER HOUSEHOLD MEMBER

When we convert expenditure per household member to daily basis, a person spends on average MVR 179 per day at the national level. A person in the Atolls spends MVR 127 per day while a person in Male' spends twice this amount (MVR 236 per day). The median expenditure per household member per day is MVR 112 in Atolls and a person in Male' spend double this amount (Table 3). This means 50 percent of the households living in the Atolls spend less than MVR 112 per household member per day, on average.

Table 3: Summary indicators on expenditure, 2019

Indicator	Republic	Male'	Atolls
Average Monthly expenditure per household (in MVR)	28,251	37,013	20,177
Median Monthly expenditure per household (In MVR)	24,932	35,026	17,154
Average Expenditure per household member per month (in MVR)	5,439	7,177	3,860
Median Expenditure per household member per month (in MVR)	4,648	6,448	3,401
Expenditure per household member per day (in MVR)	179	236	127
Median expenditure per household member per day (in MVR)	153	212	112

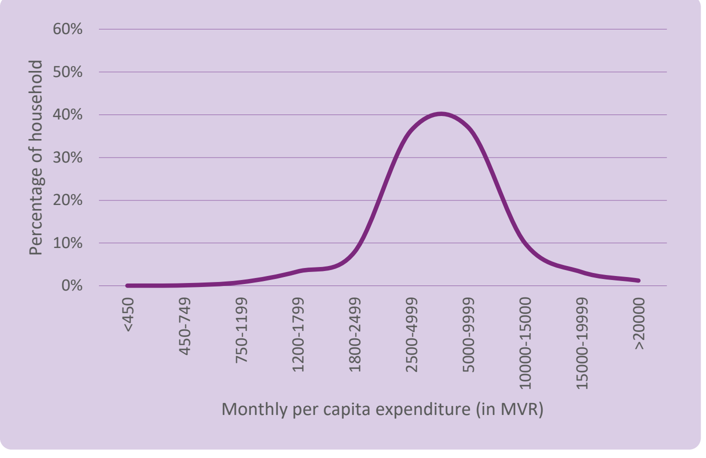
Source: Household Income and Expenditure Survey, 2019

SHARE OF HOUSEHOLDS BY MONTHLY PER CAPITA EXPENDITURE GROUPS

Figure 8 shows that only 1% of the households spends a monthly per capita less than MVR 1,200. Majority, with over one third of the households (37%) have a per capita expenditure concentrated between MVR 5,000 and MVR 10,000, followed by a similar share of households (36%) spending between MVR 2,500 and MVR 4,999. On the higher end, 4% of the households have per capita expenditure MVR 15,000 and above per month. Shares of expenditure by per capita groups differ substantially across Male' and the rest of the Atolls combined.

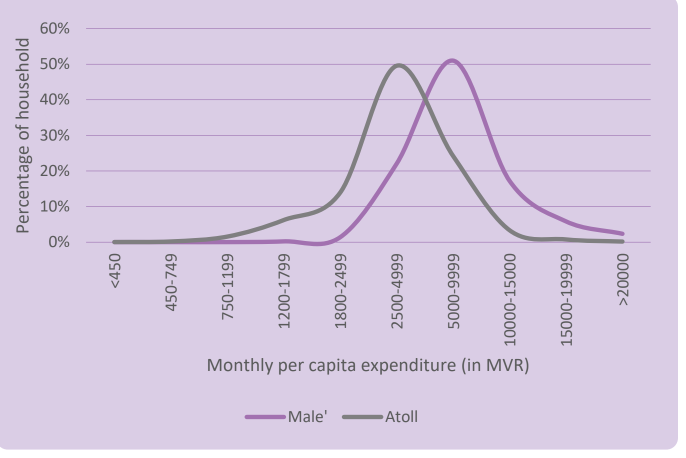
In the Atolls, 50 percent of the households spend between the per capita range of MVR 2,500-4,999 with only 4% of households having a per capita expenditure more than MVR 10,000 per month. Also, none of the households in Atolls had per capita monthly expenditure above MVR 20,000. In Male' people tend to spend more, where 50 percent of the households have a per capita expenditure between the range of MVR 5,000-9,999 and one fourth (25%) of the households have a monthly per capita expenditure of more than MVR 10,000. Among these however only 2 percent of households spending more than MVR 20,000 per person per day.

Figure 8: Households by per capita expenditure groups, Republic, 2019



Source: Household Income and Expenditure Survey, 2019

Figure 9: Households by per capita expenditure groups, Male' & Atolls, 2019



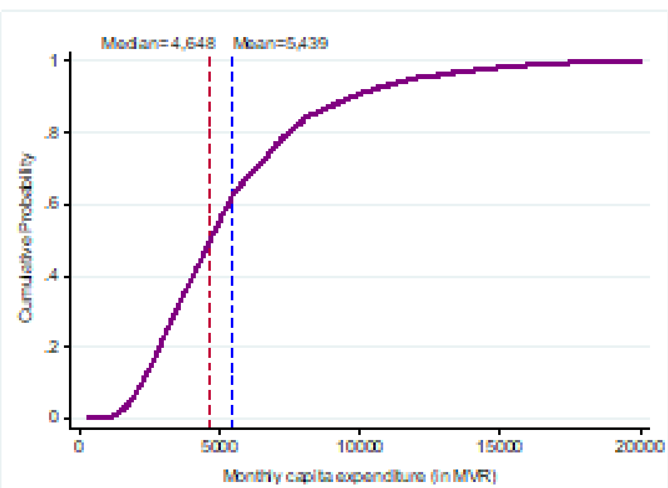
Source: Household Income and Expenditure Survey, 2019

DISTRIBUTION OF EXPENDITURE

Figure 10 shows the cumulative distribution[5] function of per capita monthly expenditure. The curve shows a steep rise, which indicates that large proportion of the population spend less than the average per capita (MVR 5,439). Almost 60% of the population spend less than MVR 5,439 per person per month (blue vertical dotted line in Figure 10). Half of the population spent less than the median per capita expenditure of MVR 4,648 per month (red vertical dotted line in Figure 10). When median expenditure is converted to per day, 50 percent of the population get to spend less than MVR 153 per day at the national level.

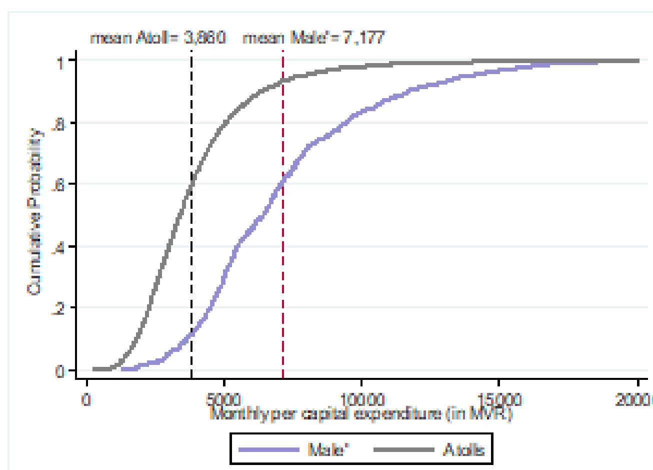
Comparison between Male' and Atolls (Figure 11) shows cumulative distribution function for the Atoll is much steeper than Male'. This indicates that people in the Atolls spend less than those in the Male'. Almost 60% of the Atoll population spend less than the Atolls mean MVR 3,860 per person per month (black vertical dotted line in Figure 11) while only about 10% of the Male' population spend less than this. As for the average expenditure of Male' of MVR 7,177 per person per month (red vertical dotted line) 60% of Male' population spends less than this while over 90% of the population of Atolls spend less than this.

Figure 10: Cumulative frequency distribution of monthly per capita expenditure, Republic,2019



Source: Household Income and Expenditure Survey, 2019

Figure 11: Cumulative frequency distribution of monthly per capita expenditure, Male' & Atolls, 2019

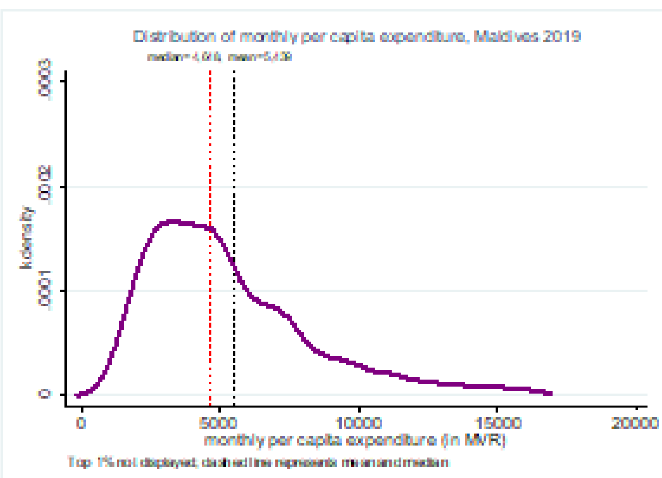


Source: Household Income and Expenditure Survey, 2019

5 Cumulative frequency is calculated by adding each frequency from a frequency distribution table to the sum of its predecessors. That means adding up a value and all of the values that came before it. The last value will always be equal to the total for all observations, since all frequencies will already have been added to the previous total. Cumulative frequency is used to determine the number of observations that lie above (or below) a particular value in a data set.

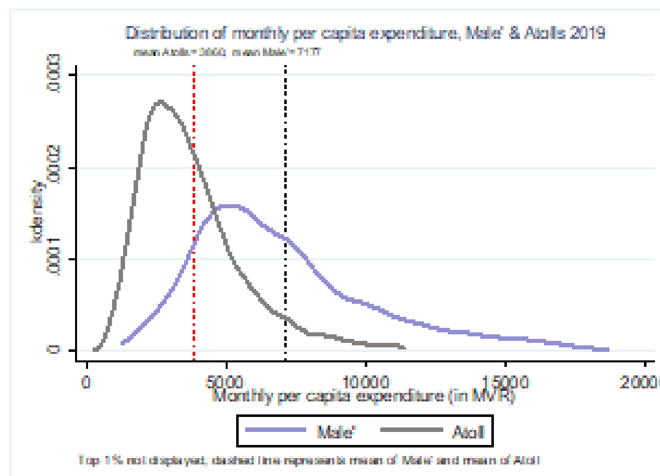
Figure 12, shows that the distribution of per capita expenditure for the country.[6] Majority of the people spend below the average per capita in the country, with the peak of the distribution roughly around half the median. Huge differences can be observed in the distribution of expenditure between Male' and Atolls which is prominent in Figure 13. The distribution of expenditure in the Atolls was toward the left, which showed that majority of the population spent below the average per capita of MVR 3,860 per month. The distribution of the Atoll expenditure gets smaller towards the right which meant few people got to spend more than the average per capita of Male'. The distribution of expenditure in Male' is more towards the right which indicate higher level of expenses in Male' which might be due to high rent and high living standards in the capital. The right tail was more pronounced for Male'; which showed the high spending pattern of few.

Figure 12: Distribution of monthly per capita expenditure, Republic, 2019



Source: Household Income and Expenditure Survey, 2019

Figure 13: Distribution of monthly per capita expenditure, Male' & Atolls, 2019



Source: Household Income and Expenditure Survey, 2019

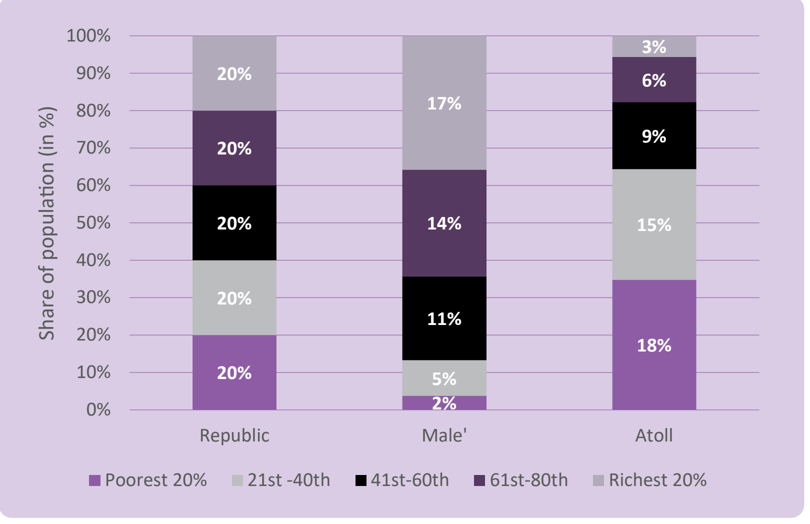
6 Kernel density estimation is a technique for estimation of probability density function that enables user to better analyse the studied probability distribution than when using a traditional histogram. Out of all probability distribution functions, probability density function (pdf) best shows how the whole 100% probability mass is distributed over the x-axis, i.e., over the values of an X random variable. Such pdf estimate seems to better represent the "true" pdf of a continuous variable (Kernel density estimation and its application Stanislaw Weglarczyk, Cracow University of Technology, Institute of Water Management and Water Engineering)

HOUSEHOLD EXPENDITURE BY QUINTILES

The structure of expenditure distribution, particularly the inequality of the distribution is easier to understand when presented by expenditure quintiles. To derive the quintiles, all households are sorted by per capita expenditure from least to the highest. Then these figures are divided into five equal groups referred to as per capita expenditure quintiles. The lowest group is the first quintile which holds 20 percent of the total population and contain the lowest values of the distribution, the second group refers to the second quintile and so on. The fifth quintile or richest 20 percent refers to the top twenty percent of households.

Figure 14 shows the percentage share of population from Male' and Atolls falling to each of these per capita expenditure quintiles. Expenditure data of HIES 2019 comprises of 48% of population living in Male' and 52% of population living in the Atolls.[7] However, when we distribute all these households across the per capita expenditure quintiles we see higher shares of Atolls population falling in poorer quintiles. The poorest 20 percent of the population comprises of only 1% of people living in Male' and 18% in Atolls. On the other hand, the richest 20 percent of the population comprises of only 3% of people from Atolls and 17% from Male'.

Figure 14: Share of population by per capita expenditure quintiles, 2019



Source: Household Income and Expenditure Survey, 2019

7 HIES 2019 represents expenditure of population in administrative islands. Collective living quarters with ten or more residents as well as tourist resorts and other industrial islands were outside of the scope of this household survey.

Table 4 shows the percentage share of households, population, average household expenditure and average expenditure per household member across the per capita expenditure quintiles. The distribution shows that average household expenditure varies a lot across quintiles, both in Male' as well as in the Atolls. On average a household in the poorest quintile in Male' spends MVR 15,603 per month while the households in the richest quintile spends MVR 44,072. In case of Atolls the poorest 20 percent of the households spends MVR 12,976 compared to MVR 28,000 spends by the richest 20 percent of the households.

The share of household in Male' across per capita expenditure quintiles shows that 45% of the households fall to the richest 20 percent per capita quintile and 36% of the population falls to richest 20 percent per capita quintile. While in Atolls, 29% of the households fall to the poorest 20 percent per capita quintile and 35% of the population falls under the poorest 20 percent per capita quintile.

Table 4: Share of households, share of population, average household expenditure, average expenditure per household member by per capita expenditure quintiles[8], 2019

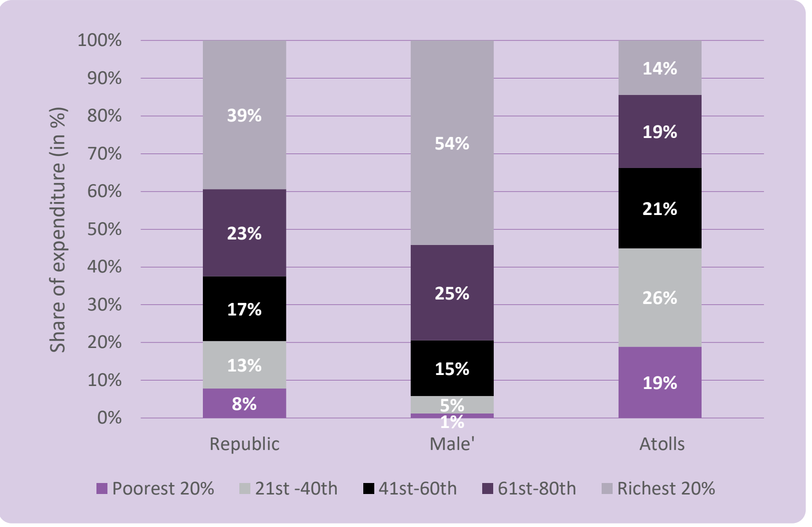
Per capita expenditure quintile	Share of households			Share of population			Average household expenditure (in MVR)			Average expenditure per household member (in MVR)		
	Republic	Male'	Atolls	Republic	Male'	Atolls	Republic	Male'	Atolls	Republic	Male'	Atolls
Poorest 20%	17%	3%	29%	20%	4%	35%	13,193	15,603	12,976	2,118	2,316	2,099
21st-40th	18%	8%	27%	20%	9%	30%	20,202	22,451	19,616	3,419	3,477	3,402
41st-60th	19%	19%	19%	20%	22%	18%	26,187	29,437	23,182	4,662	4,726	4,588
61st-80th	20%	26%	15%	20%	29%	12%	32,634	36,700	26,217	6,301	6,362	6,169
Richest 20%	27%	45%	10%	20%	36%	6%	40,882	44,072	28,000	10,705	10,856	9,836

Source: Household Income and Expenditure Survey, 2019

The household expenditure distribution by per capita expenditure quintiles shows that total household expenditure varies a lot across quintiles, especially in case of Male'. In Male' the poorest 20 percent of the total households spent only 1% of the total expenditure compared to 54% of the total expenditure spent by the richest 20 percent indicating high levels of inequality within Male'. In Atolls, the share of expenditure between different per capita quintiles is more equally distributed among the bottom four quintiles (lowest 80 percent) with less share among the top 20 percent (Figure 15).

8 Based on ranking of all households by their monthly household expenditure per household member

Figure 15: Share of expenditure by per capita expenditure quintiles, 2019

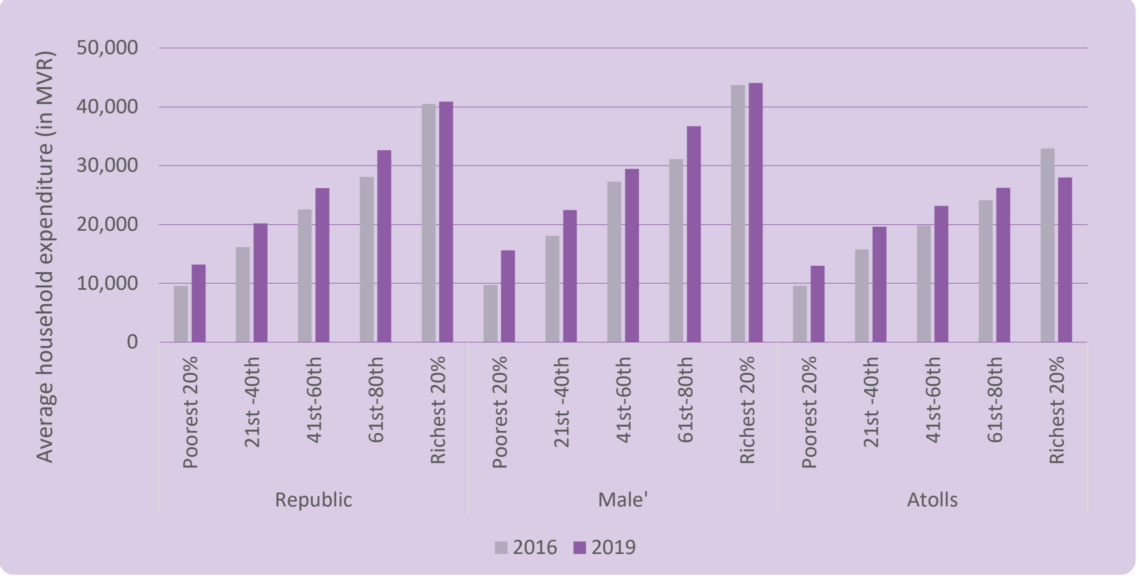


Source: Household Income and Expenditure Survey, 2019

AVERAGE MONTHLY HOUSEHOLD EXPENDITURE INCREASES FROM 2016 TO 2019 FOR ALL QUINTILES EXCEPT THE TOP 20%[9]

The average monthly household expenditure of the richest 20 percent households was MVR 40,882 in 2019, almost unchanged from 2016. Meanwhile, households in other expenditure groups experienced increases in their expenditure ranging from 5% to 11% per annum over the same period (Figure 16 and Figure 17). The distribution is similar for Male' except 41st-60th quintile. The richest 20 percent quintile for Atoll had a negative growth rate at -5% per annum while the richest 20 percent quintile for Male' had remain unchanged.

Figure 16: Average monthly household expenditure by expenditure quintile, 2016-2019



Source: Household Income and Expenditure Survey, 2019

9 Values and growth rates for expenditure are in nominal terms. As such it does not account for inflation during this period

Figure 17: Average annual change in monthly household expenditure by expenditure quintile, 2016-2019

Source: Household Income and Expenditure Survey, 2019

After taking into account household size, all expenditure group registered an increase in average monthly household expenditure. For example, the average monthly household expenditure per household member among the richest 20 percent households rose by 1% per annum, from MVR10,251 per household member in 2016 to MVR 10,705 in 2019 (Figure 18 and Figure 13). This, along with the earlier observation that household expenditure for the richest 20 percent households had remained stable over the three-years period, suggests that the expenditure per household member rose was partly due to a decline in their household size (Figure 20).

Figure 18: Average monthly household expenditure per household member by per capita expenditure quintiles, 2016-2019

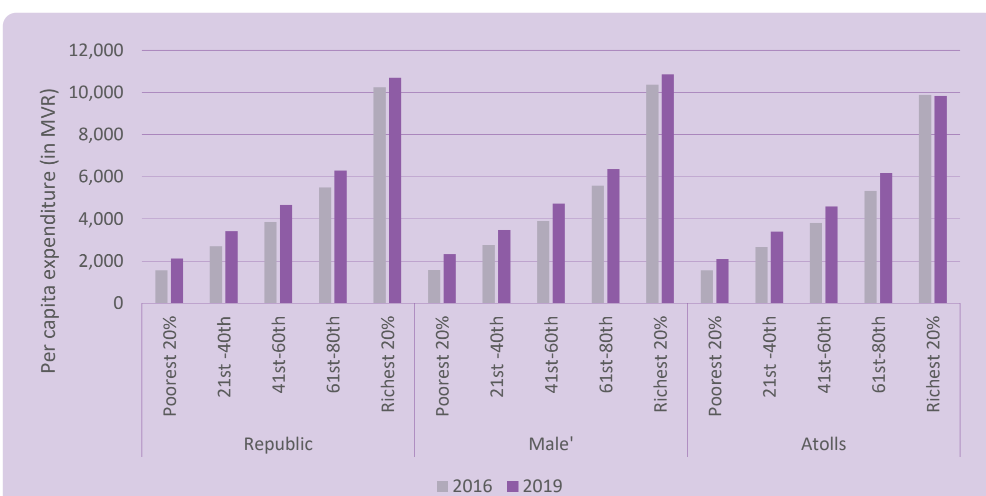
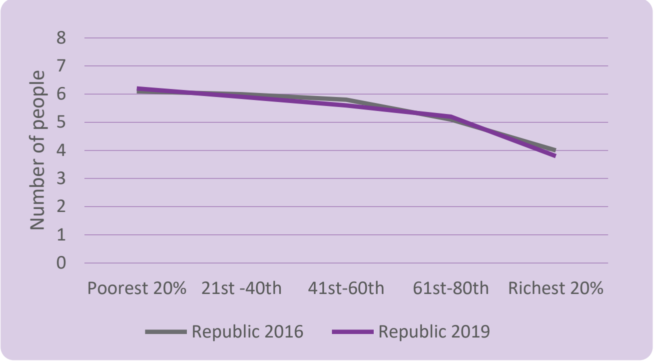


Figure 19: Average annual change in monthly household expenditure per household member by expenditure quintile, 2016-2019

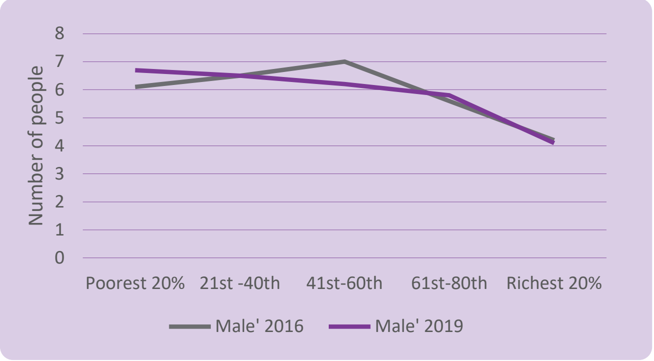
Source: Household Income and Expenditure Survey, 2019

Figure 20: Average household size by expenditure quintile, 2016-2019

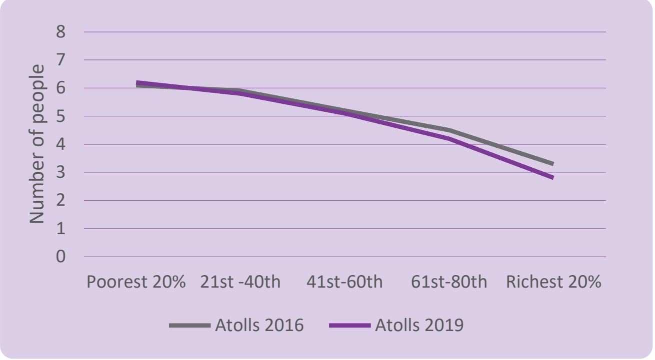
Republic



Male'



Atolls



Households falling in the poorest per capita expenditure quintile has the greatest number of household members. More household members living together allows pooling of incomes as well as sharing some expenses. As per capita expenditures increase across the quintiles, number of members per household decreases. The number of household members remains almost the same across Male' and Atolls in both years. However, in the Atolls, there are few household members in the richest 20 percent in 2019 compared to 2016.

Looking at average household size by per capita expenditure quintiles for 2019 between Male'and Atolls shows that, there are more household members in Male' in all the quintiles. Same goes for 2016 (Table 5).

Table 5: Average household size by expenditure quintile, 2016-2019

Per capita expenditure quintile	Republic		Male'		Atolls	
	2016	2019	2016	2019	2016	2019
Poorest 20%	6.1	6.2	6.1	6.7	6.1	6.2
21st -40th	6	5.9	6.5	6.5	5.9	5.8
41st-60th	5.8	5.6	7	6.2	5.2	5.1
61st-80th	5.1	5.2	5.6	5.8	4.5	4.2
Richest 20%	4	3.8	4.2	4.1	3.3	2.8

Source: Household Income and Expenditure Survey, 2019

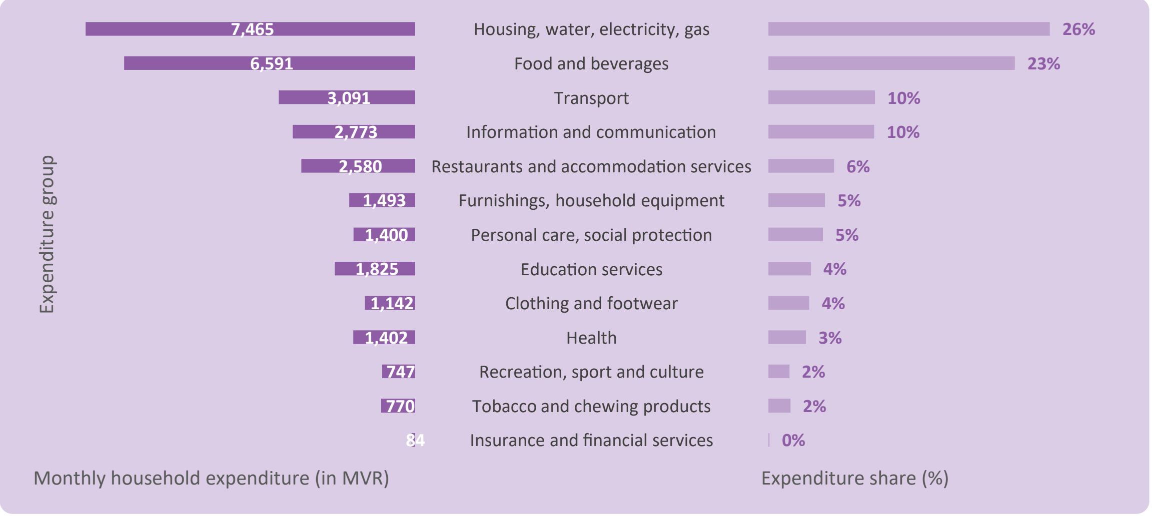
EXPENDITURE ON MAJOR GROUPS

MONTHLY HOUSEHOLD EXPENDITURE BY MAJOR GROUPS

Expenditure by major groups at national level shows that housing, water, electricity, gas & other fuels group account for the largest shares of household expenditure, at 26% with an average household expenditure of MVR 7,465 per month. A high proportion of this group accounts for expenditure of housing rents (17 percent) paid by household living in rented accommodation.[10]

Food & beverage account for the second highest at 23% with an average household expenditure of MVR 6,591 per month. Transport group (10%) contributed the third highest share of expenditure. Collectively, these three groups made up 60% of total monthly household expenditure (Figure 21).

Figure 21: Household expenditure and share of expenditure by broad groups, Republic, 2019

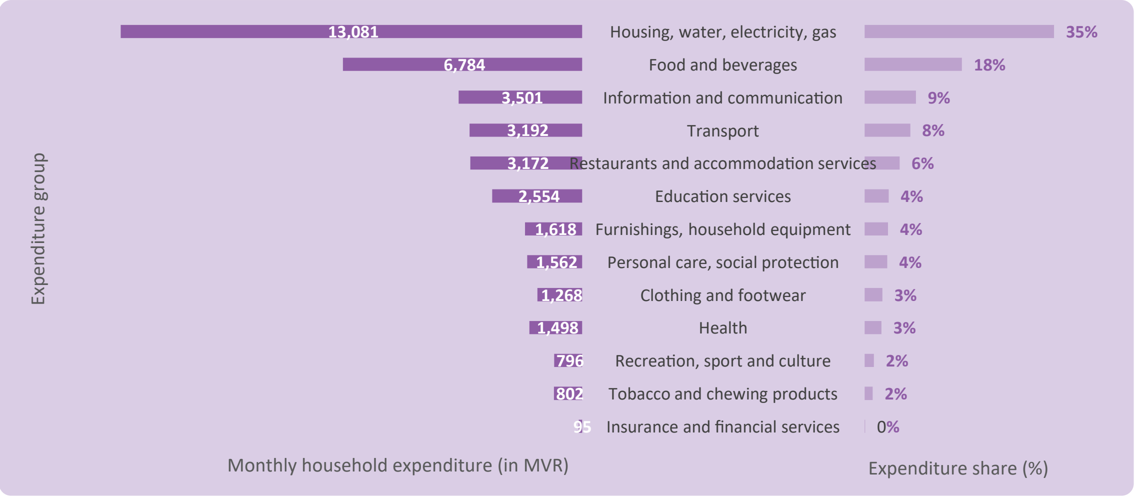


Source: Household Income and Expenditure Survey, 2019

10 When rent paid households are excluded, this category represented 9% of household expenditure, much lower than 26% share when actual rent paid by tenants are included. This is mainly due to the high proportion of renters and the high rents specially in Male'. If rent is excluded, percentage share of other categories changes accordingly, with food expenditure share becoming the largest. Imputed rent of owner-occupied dwelling is not considered or included here.

The distribution of expenditure varies in major groups between Male' and Atolls. More than one third (35%) of the expenditure in Male' is on housing, water, electricity, gas and other fuels group with an average household expenditure of MVR 13,081 per month. This group is driven by housing rent with 27% of this accounting for housing rent paid [11]. In Male', 74% of the households live in rented accommodation in 2019. As such it is not surprising to see housing as the major contributor of the expenditure in Male'. This was followed by household spending on Food & beverages (18%), Information & communication (9%) and Transport (8%) (Figure 22).

Figure 22: Household expenditure and share of expenditure by broad groups, Male', 2019

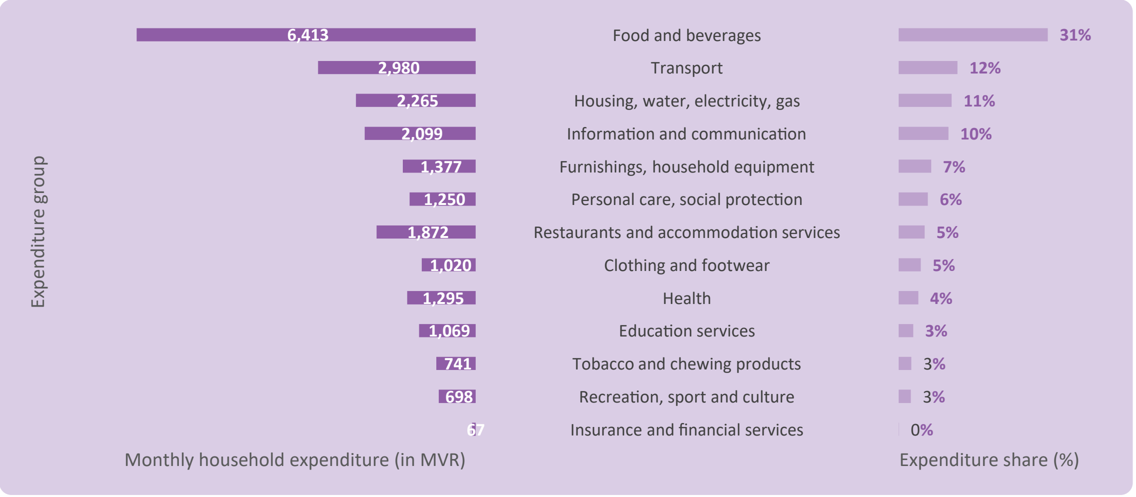


Source: Household Income and Expenditure Survey, 2019

In contrast to Male', the majority of the household expenses in the Atolls was spent on food (31%). This was followed by transport (12%). This was followed by housing (11%). The contribution of housing share is less in the Atolls as most of the population lived-in owner-occupied dwellings.

11 If we exclude rent this category represented 9% of the household expenditure. When rent is excluded, food expenditure share becoming the highest and the consumption pattern looks very similar to that in the Atolls.

Figure 23: Household expenditure and share of expenditure by broad groups, Atolls, 2019



Source: Household Income and Expenditure Survey, 2019

MONTHLY EXPENDITURE PER HOUSEHOLD MEMBER BY MAJOR GROUP

On average a household spends MVR 7,465 per month on the major group Housing, water, electricity gas and other fuels. This is high in Male' at MVR 13,081 per month on average while in the Atolls, a household spends MVR 2,265. Household consumption is affected by the size of the household. Hence, it is also converted to per capita terms by diving household expenditure by number of household members. As such a person in Male' spends on average MVR 2,521 for housing per month, which is almost equal to household expenditure for housing spend by a household in the Atolls. In the Atolls, a person spends MVR 431 on average on housing category (Table 6).

On average a person spends MVR 1,253 per month for food at national level. This is slightly higher in Male' than in Atolls. A person in Male' spends MVR 1,302 while a person in the Atolls spends MVR 1,209 per month on food on average. When it comes to education, information & communication and restaurants & hotel, there is a huge difference in the spending pattern between Male' and Atolls, with Male' having higher shares. This is mainly due to higher educational opportunities available in the capital city. Eating out is also more common in Male'.

Table 6: Average monthly household expenditure and expenditure per household member by broad expenditure groups, 2019

Expenditure by major group	Monthly					
	Average household expenditure (in MVR)			Average expenditure per household member (in MVR)		
	Republic	Male'	Atolls	Republic	Male'	Atolls
Food and beverages	6,591	6,784	6,413	1,253	1,302	1,209
Tobacco and chewing products	770	802	741	139	148	131
Clothing and footwear	1,142	1,268	1,020	213	241	187
Housing, water, electricity, gas and other fuels	7,465	13,081	2,265	1,430	2,521	431
Furnishings, household equipment and routine household maintenance	1,493	1,618	1,377	286	312	262
Health	1,402	1,498	1,295	258	281	232
Transport	3,091	3,192	2,980	576	614	538
Information and communication	2,773	3,501	2,099	533	679	400
Recreation, sport and culture	747	796	698	131	144	119
Education services	1,825	2,554	1,069	302	440	169
Restaurants and accommodation services	2,580	3,172	1,872	472	599	330
Insurance and financial services	84	95	67	15	17	11
Personal care, social protection	1,400	1,562	1,250	268	302	237
Average monthly expenditure	28,251	37,013	20,177	5,439	7,177	3,860

Source: Household Income and Expenditure Survey, 2019

EXPENDITURE SHARES OF SELECTED MAJOR GROUPS BY SUB-GROUPS

A quick glance at the detail of expenditure (at COICOP 3-digit level) within top 6 broad expenditure groups at national level is presented in Table 7. Detailed level of expenditure shows that major share of household expenditure was spent on food (20%), followed by actual rent for housing (17%). Out of the total expenditure, 5% of the expenses is incurred for paying electricity, gas and other fuels, 2% on water bills, 7% on information and communication services including phone bills & internet expenses. Also, food and beverage serving services (6%). The percentage share is different for Male' compared to Atolls (Table 7 below)

Table 7: Breakdown of Top 6 broad expenditure group by COICOP 3-digit, 2019

d3	Description	Republic	Male'	Atolls
Food and beverages		22.8%	18.0%	31.0%
11	Food	19.5%	15.1%	26.9%
12	Beverages	3.3%	2.8%	4.1%
Housing, water, electricity, gas and other fuels		26.1%	34.9%	12.5%
41	Actual rentals for housing	17.2%	27.0%	0.7%
43	Maintenance, repair and security of the dwelling	1.5%	0.6%	3.1%
44	Water supply and miscellaneous services relating to the dwelling	2.2%	3.1%	0.6%
45	Electricity, gas and other fuels	5.1%	4.2%	6.7%
Transport		9.9%	8.4%	12.3%
71	Purchase of vehicles	2.3%	2.0%	2.8%
72	Operation of personal transport equipment	0.7%	0.7%	0.7%
73	Passenger transport services	2.8%	1.9%	4.5%
74	Transport services of goods	0.0%	0.0%	0.0%
79	Travel expenses, unspecified	4.0%	3.8%	4.2%

Information and communication		9.8%	9.5%	8.9%
81	Information and communication equipment	0.8%	0.7%	0.9%
82	Software excluding games	1.7%	1.8%	1.6%
83	Information and communication services	7.3%	6.9%	7.8%
Restaurants and accommodation services		6.1%	6.5%	5.4%
111	Food and beverage serving services	5.5%	6.0%	4.6%
112	Accommodation services	0.4%	0.3%	0.6%
119	Food away from home expenses, unspecified	0.2%	0.2%	0.2%
Furnishings, household equipment and routine household maintenance		5.2%	4.3%	6.7%
51	Furniture, furnishings, and loose carpets	1.3%	1.2%	1.4%
52	Household textiles	0.1%	0.1%	0.2%
53	Household appliances	2.1%	1.7%	2.9%
54	Glassware, tableware and household utensils	0.1%	0.1%	0.1%
55	Tools and equipment for house and garden	0.2%	0.1%	0.4%
56	Goods and services for routine household maintenance	1.4%	1.2%	1.7%

Source: Household Income and Expenditure Survey, 2019

EXPENDITURE SHARE BY BROAD EXPENDITURE GROUPS BY DECILES

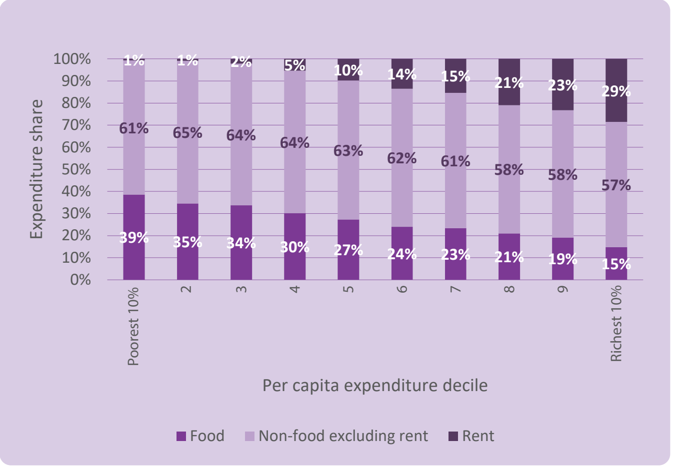
Figure 24 shows the share of food & non-food expenditures by expenditure decile and accentuates the difference between bottom deciles and the top deciles. At national level, households in poorest 10 percent deciles spend more than one third (39%) of their budget in food, compared to 15% for richest 10 percent deciles households. This shows the notion supported by Engel's Law, which is that households with lower income will spend larger amount of their income on food items than the ones in the middle-or higher income levels. For a poor family, the food expenditure is a big portion of their total budget, while the rich tend to spend more of their money on items such as entertainment and luxury goods. However, this does not imply that food spending remains unchanged as income increases; instead, it suggests that consumers increase their expenditures for food products in percentage terms less than their increases in income.

The share of spending devoted to non-food expenditures, excluding rent, remains fairly constant across the distributing, rising moderately from 61 percent for the bottom 10 percent deciles to 57 percent for the richest 10 percent deciles.

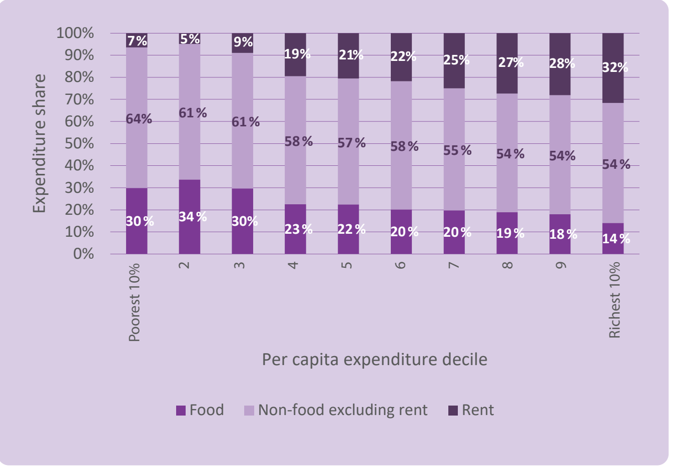
In Male', food accounts for 30% of expenditures for individual living in the bottom 10 percent of households. The food expenditure gradually decreases as the expenditure increases. The share of food drops to 14% for the richest 10 percent of households. However, the richest 10 percent of household spends close to one third (32%) of their total expenditures to rent. Expenditure on rent increases along with deciles. In Male', 74% of the households live in rented accommodation.

Figure 24: Share of food, rent and non-food expenditure by deciles, 2019

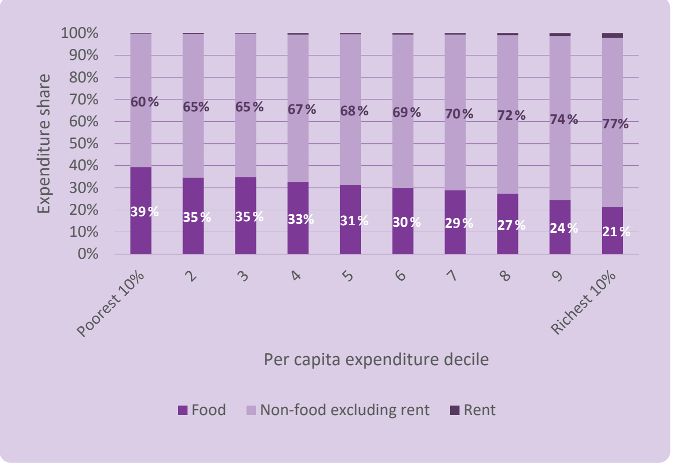
Republic



Male'



Atolls



Source: Household Income and Expenditure Survey, 2019

BREAKDOWN OF EXPENDITURE WITHIN SELECTED EXPENDITURE GROUPS

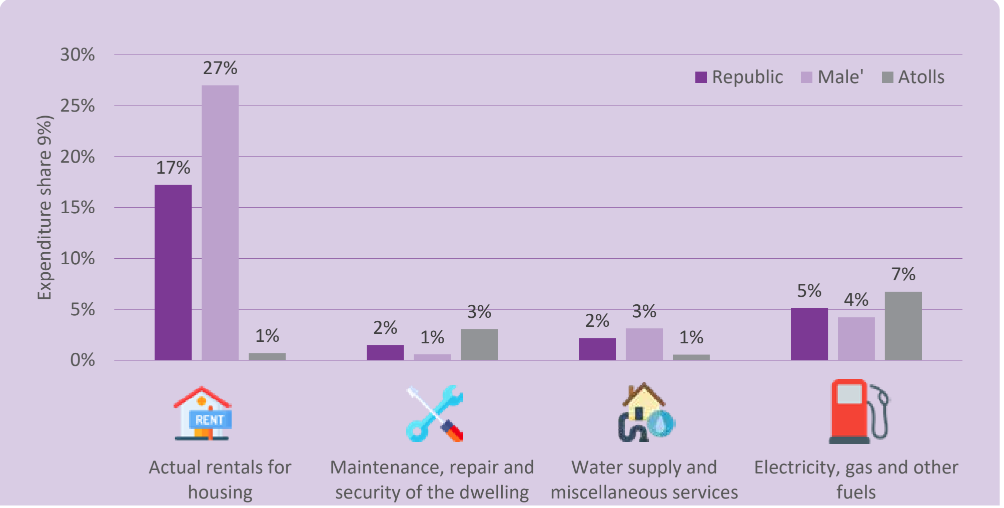
This section takes a glance at household expenditure on housing and food.

EXPENDITURE ON HOUSING

As housing takes up the largest share of the expenditure, it is important to look at the distribution of expenses within this group. Rent accounts for 17% of the total expenditure, with 27% in Male' while in Atolls it accounts for only 1%.

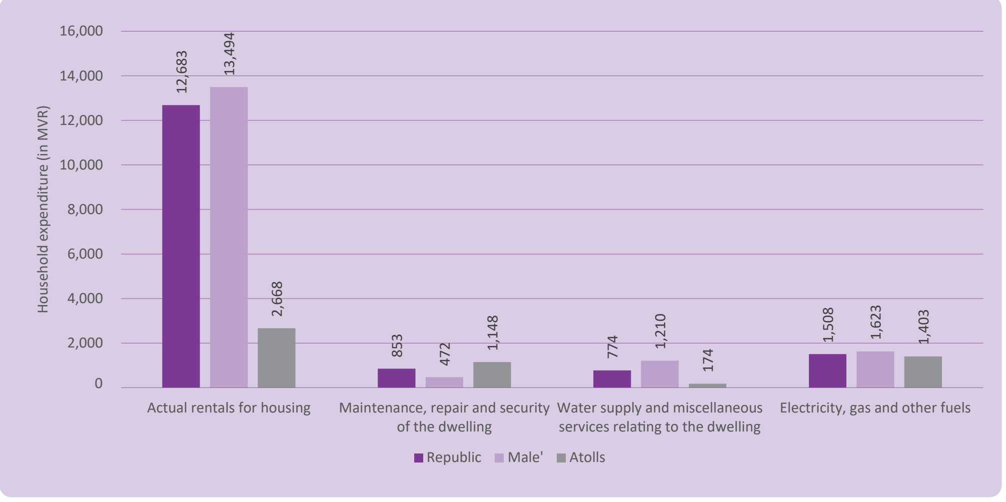
In the Atolls, the expenses paid for electricity and gas accounts for 7% of the total expenditure.

Figure 25: Share of household expenditure on housing category, 2019



Source: Household Income and Expenditure Survey, 2019

Figure 26: Average monthly household expenditure within housing category, 2019



Source: Household Income and Expenditure Survey, 2019

As rent is the dominating category in housing, it is important to look more closely on this category. The result shows that 38% of the households lived in rented accommodation with majority of them living in Male', where 74% of the households live in rented dwelling. At national level, on average a household pay MVR 12,683 per month on rent, while a household in Male' pay MVR 13,494 per month on rent. There is a huge difference between the rent paid by those reside in Male' vs. Atolls. When converted to per capita terms, a person living in rented accommodation in Atolls pays MVR 1,156 per month on rent while a person living in Male' paid more than double this amount. However, the difference in average rents between Male' and Atolls are less in per capita terms. This is due to more members per household living in rented accommodation in Male' than in Atolls. In the case of Atolls there is no demand and hence no rental market, with only 5% of households in rented accommodation.

Table 8: Summary statistics on rent, 2019

Indicators	Republic	Male'	Atolls
Share of households living on rent (%)	38%	74%	5%
Share of rent out of total household expenditure (in %)	18%	27%	1%
Average monthly household expenditure on rent (MVR)	12,683	13,494	2,668
Median monthly household expenditure on rent (MVR)	12,000	12,000	2,595
Per capita monthly expenditure on rent (MVR)	3,048	3,177	1,446
Median per capita monthly expenditure on rent (MVR)	2,400	2,500	1,156

Source: Household Income and Expenditure Survey, 2019

The distribution of households paying monthly rent follows a bi-modal distribution (Figure 27 & Figure 28) in both Male' as well at national level. Since households in rented dwellings are dominated in Male', the pattern is similar for Male' as well as at national level. Due to increased number of social housing, there is a peak in the proportion of the households spending between MVR 7,000 - MVR 9,000 as rent. Another peak is seen in the range of rent paid between MVR 15,000 - MVR 19,000. However, the high level and continuing of the distribution towards right tail shows significant number of households paying rent on the higher end, owing to the high rents in Male'. This is clearly depicted in Figure 29 where the rental value is more on the lower end (left tail) for Atolls while in Male' (Figure 28) a large proportion of the households are paying a higher rent (right tail of the distribution). The dotted lines in graph depicts the huge difference in monthly average rents in Male' and Atolls (MVR 13,494 vs MVR 2,668).

Figure 27: Distribution of monthly rent, Republic, 2019

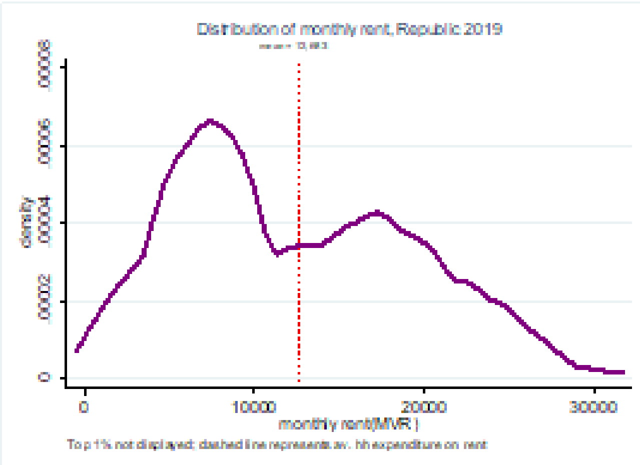


Figure 28: Distribution of monthly rent, Male', 2019

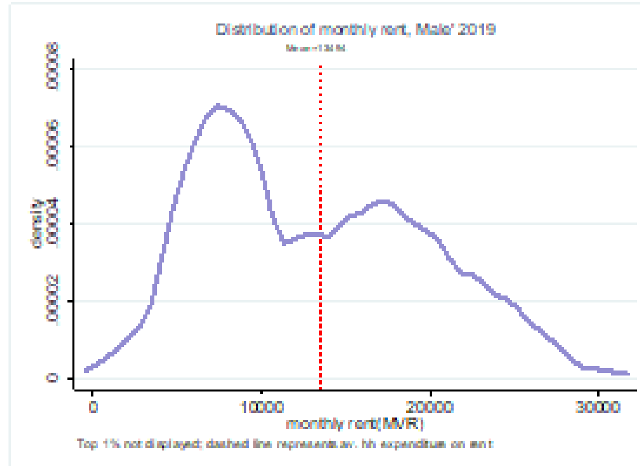
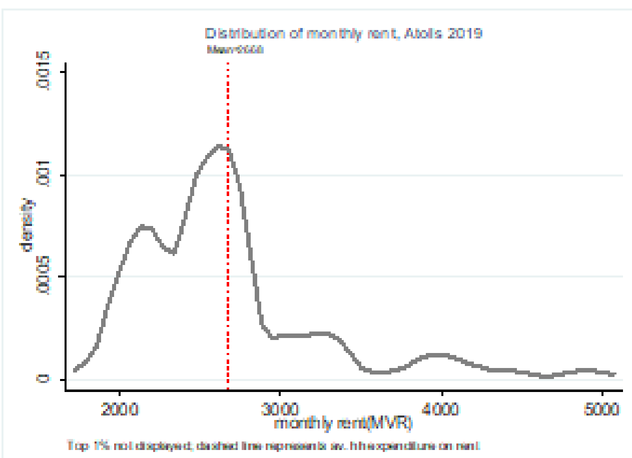


Figure 29: Distribution of monthly rent, Atolls, 2019

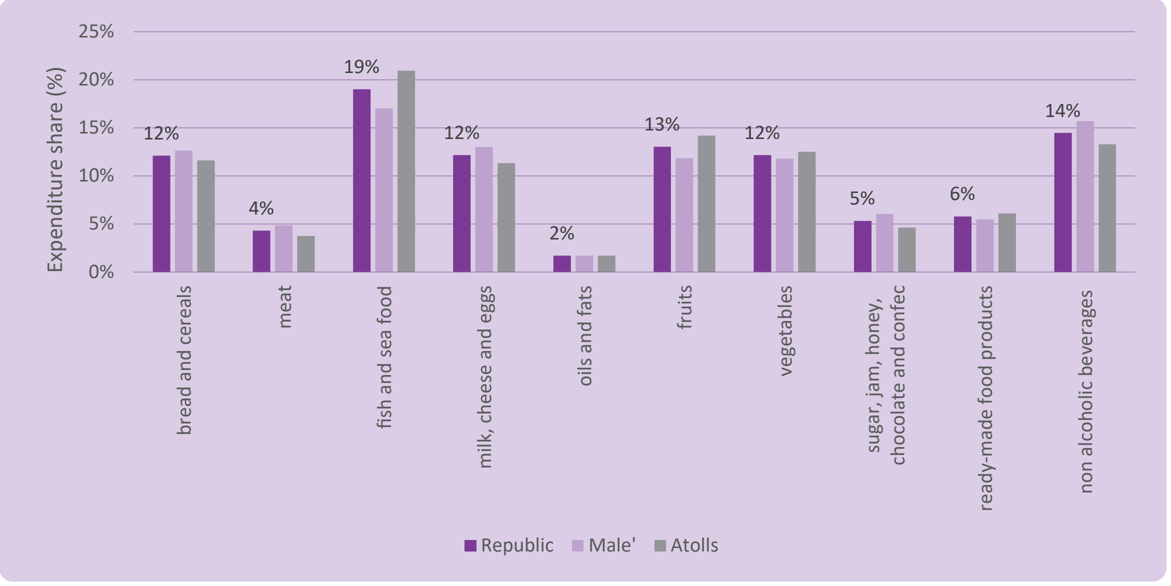


Source: Household Income and Expenditure Survey, 2019

EXPENDITURE ON FOOD

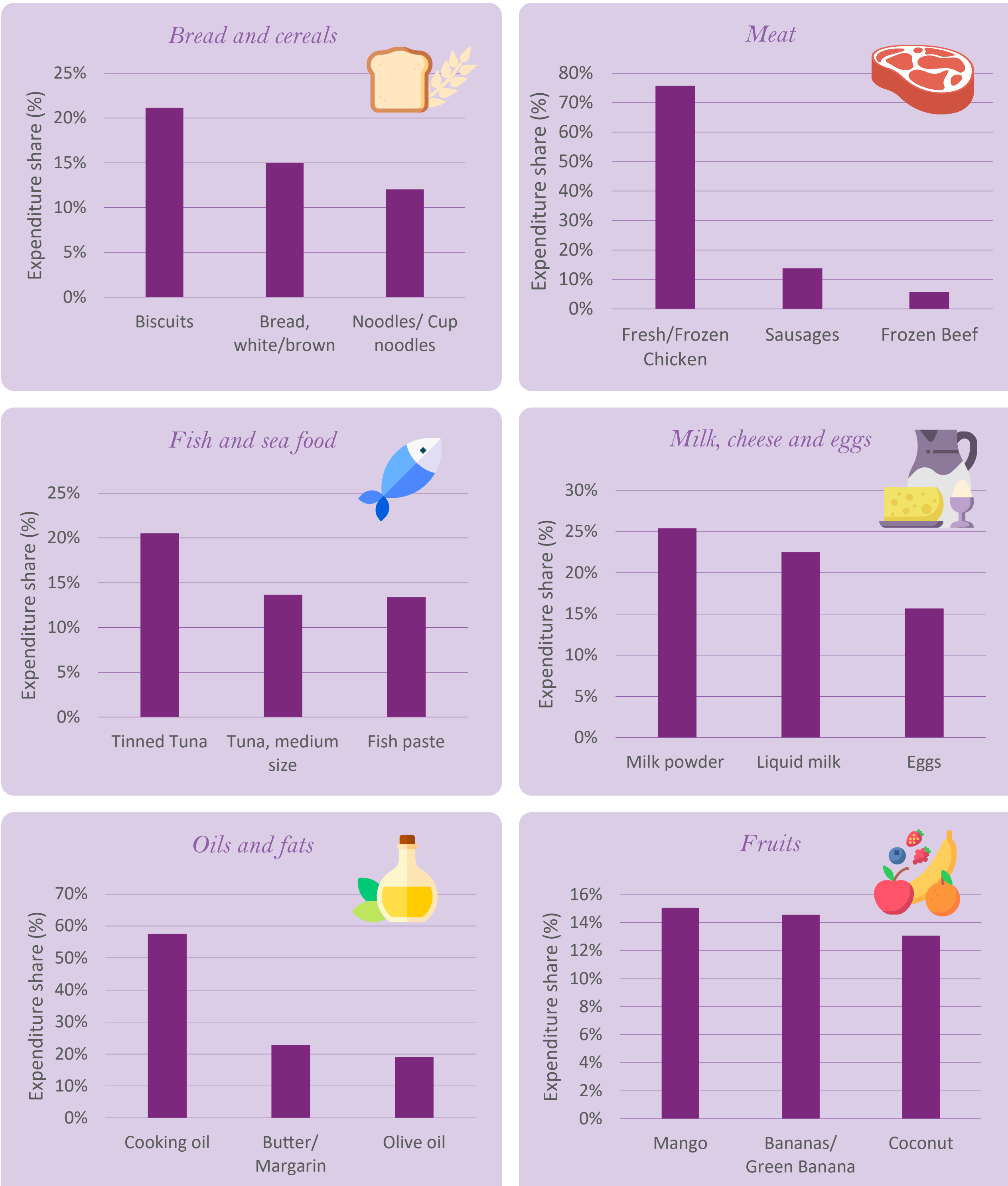
Food constitutes 23% of household expenditure share at the Republic level and in the Atolls, it is the main contributor to the expenditure groups. Figure 30 reveals the percentage share of the expenditure on major food groups. Out of the total food expenditure fish and seafood contributed the highest share (19%) followed by beverage group (14%) and fruit group (13%).

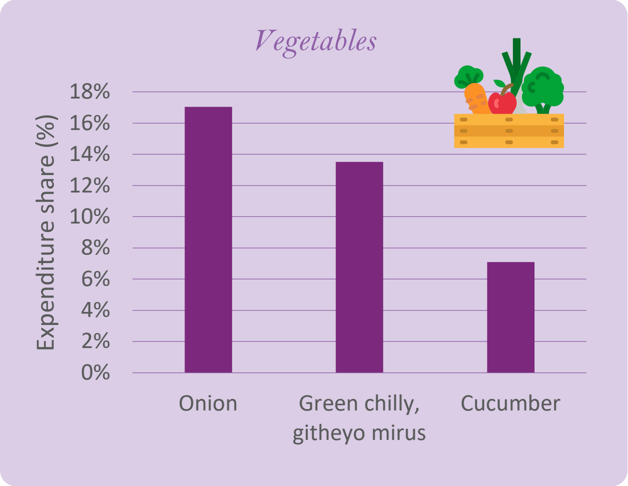
Figure 30: Expenditure share on food by major food groups and food items purchased within each group, 2019

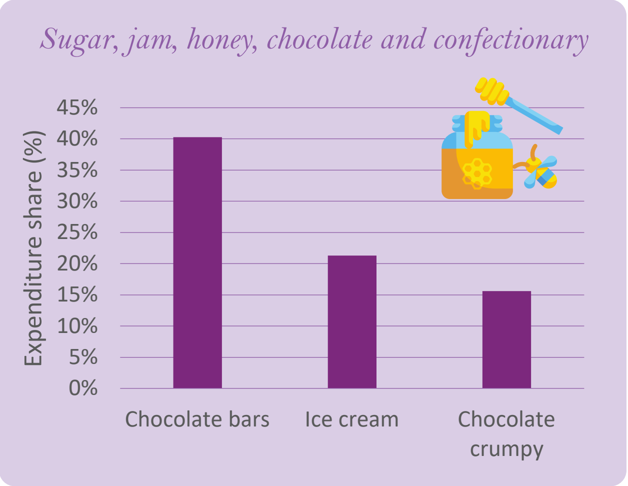


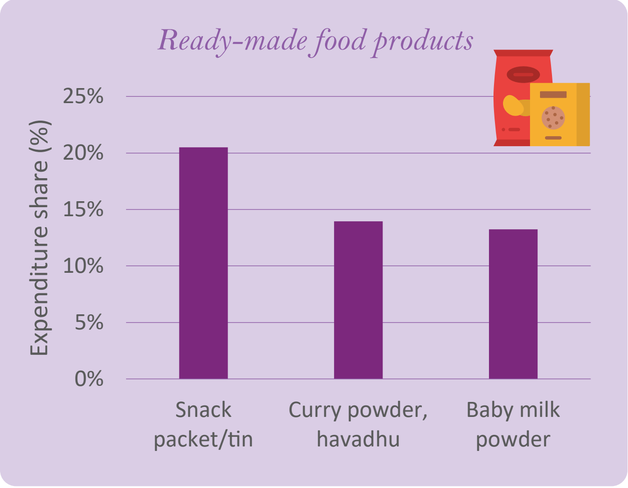
Source: Household Income and Expenditure Survey, 2019

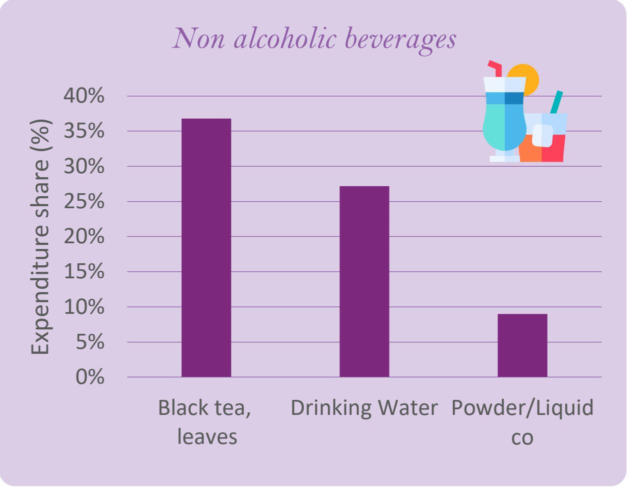
Figure 31: Top 3 food items purchased within each group, 2019











Source: Household Income and Expenditure Survey, 2019

EXPENDITURE ON TRAVEL ABROAD AND TRAVEL INBOUND

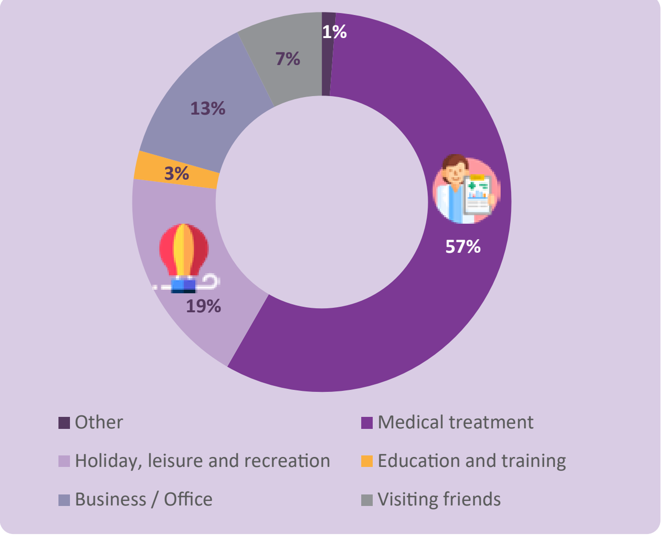
Expenditure on travel is another important aspect to have a detail analysis. The survey captured both inbound and abroad travel information with the main purposes by travel.

Out of the total households, 37% of the households reported to have spent on travel abroad. In Male', 50% of the households have reported that they have spent on travel abroad while in Atolls one quarter of the households (25%) have reported that they have spent on travel abroad. Figure 32 show that 57% of the households travelled for medical purposes followed by travel for holiday, leisure and recreation.

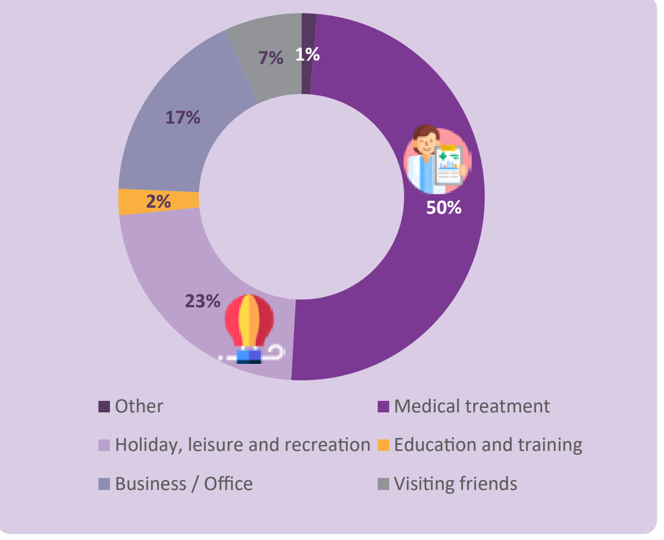
In Male', half of the households (50%) travel abroad went for medical while in the Atolls, 72% of the households travelled for medical treatment. Among those households travel abroad, nearly one quarter of the households (23%) in Male' have travelled for holiday, leisure and recreation.

Figure 32: Share of households travel abroad by main purpose, by locality, 2019

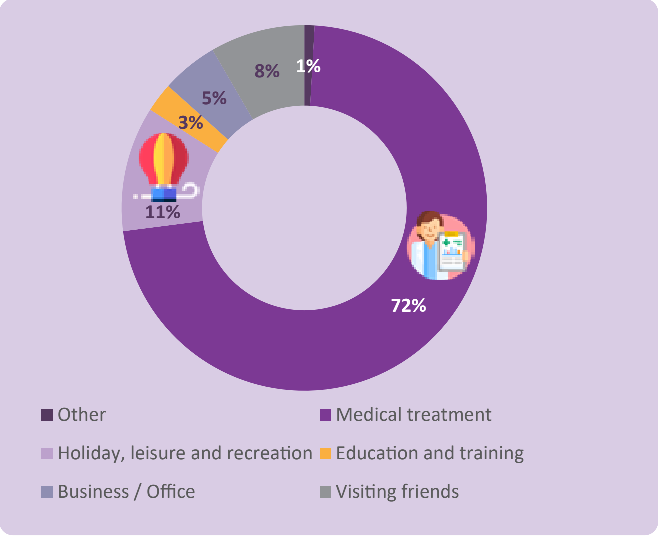
Republic



Male'



Atolls

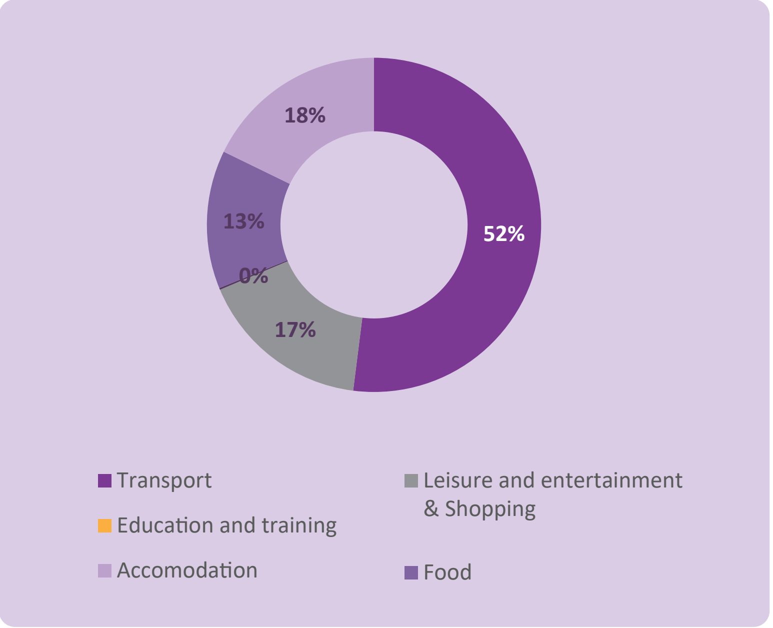


Source: Household Income and Expenditure Survey, 2019

It is important to study the detail of expenses incurred during the medical trip. However, It is important to note here that travel abroad/inbound related to medical treatment does not include medical expenses borne by the household but it covers air ticket, food, accommodation, etc.

Expenses incurred for medical treatment in travel abroad shows that 71% of expenses did not provide the breakdown. If these expenses were redistributed, the main expenses incurred by the households was reported as transport. This includes air, sea and land transport. The next major share of the expenditure went for accommodation. Food and accommodation together cost about 30% of the expenditure share. Recreation, leisure & shopping was the third largest share of the expenses incurred during medical trip. This includes leisure, entertaining and other activities that the household members carry out during the trip.

Figure 33: Breakdown of expenses for travel abroad for medical purpose, 2019

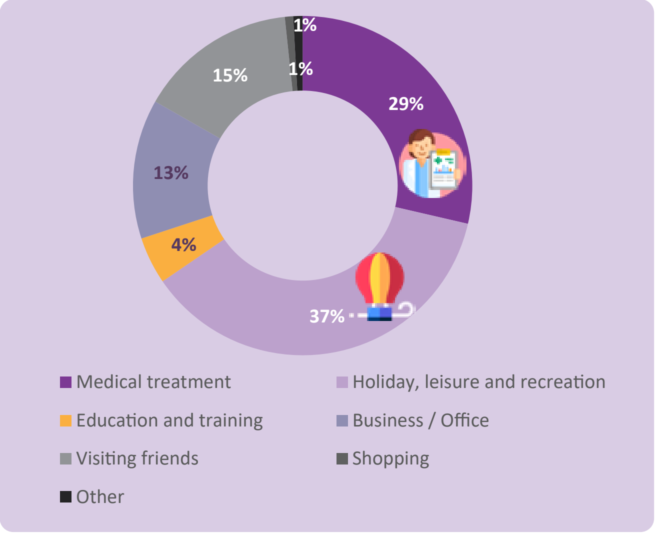


Source: Household Income and Expenditure Survey, 2019

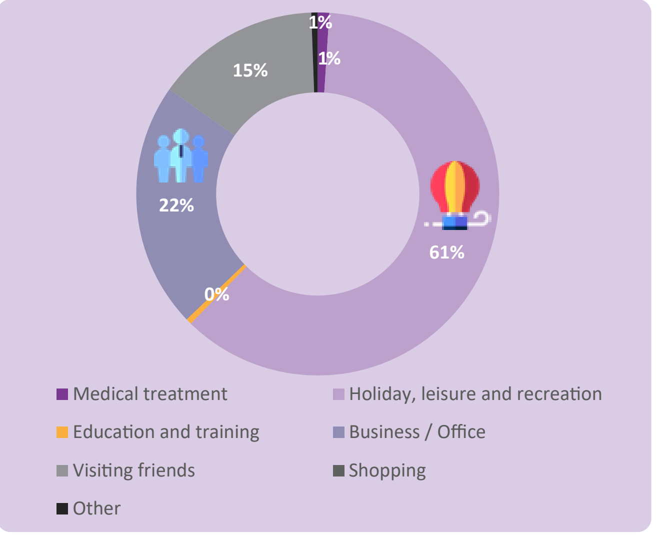
By looking at travel inbound, it shows that 43% of the household have incurred travel expenses. Breakdown of expenditure by purpose of travel shows a holiday, leisure and recreation was the main purpose followed by medical trips. However, in Atolls, medical trip was the main purpose of travel. More than half of the households (53%) reported that they incurred travel inbound expenses for medical trip. Whereas in Male', the main purpose by which household bears inbound travel expenses differ to that of Atolls, where main expenses went for holiday, leisure and recreation.

Figure 34: Share of household travel inbound by main purpose, 2019

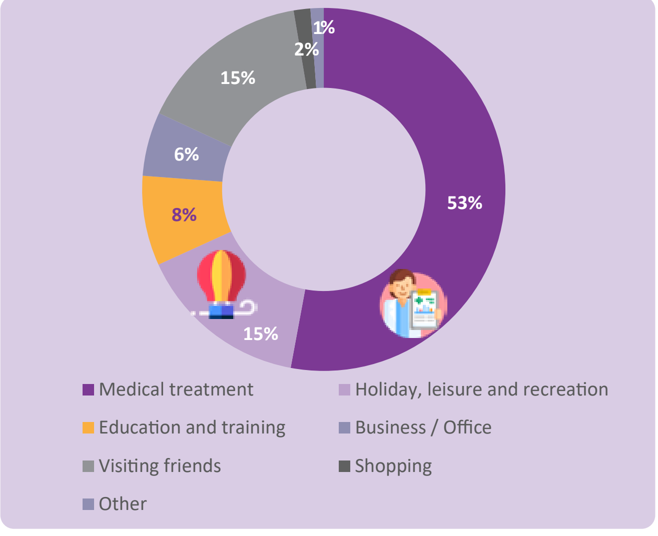
Republic



Male'



Atolls



Source: Household Income and Expenditure Survey, 2019

Breakdown of expenditure for travel inbound for medical purpose shows a similar pattern as travel abroad; i.e., transport being the main expenses. However, unlike travel abroad, leisure & entertainment and shopping was the second main expenses incurred during medical trip in travel inbound.

Figure 35: Breakdown of expenses for travel inbound for medical purpose, 2019

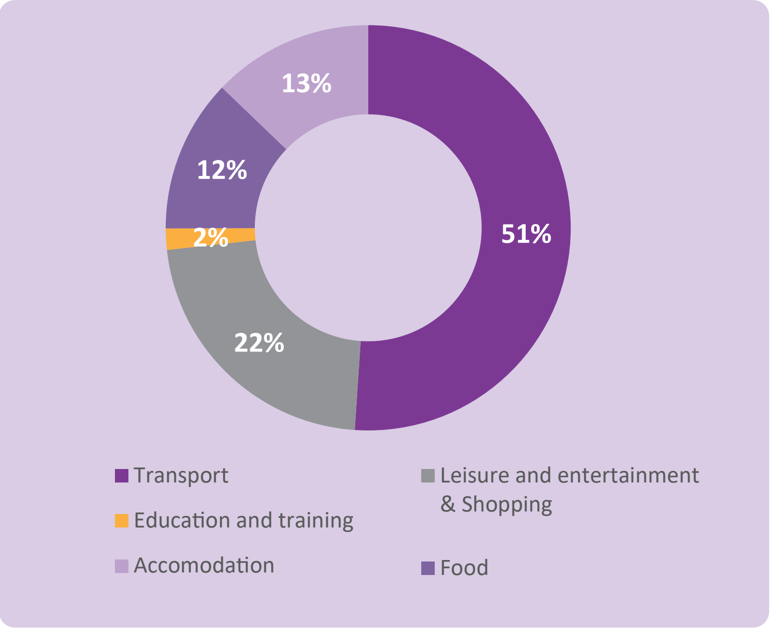


Table 9 provides summary statistics with on travel abroad and travel inbound. On average, a household spends, MVR 4,427 per month for travel abroad while the average household spending on travel inbounds at MVR 2,485. The results also show that a person on average spends MVR 995 on a month for travel abroad while MVR 545 is spent for travel inbound. On average, a household in Atolls spends more for travel inbound while households in Male' spends more for travel abroad.

Table 9: Summary indicators on travel expenditure, 2019

Indicators	Travel abroad			Travel inbound		
	Republic	Male'	Atolls	Republic	Male'	Atolls
Average household expenditure	4,427	4,761	3,787	2,485	1,497	3,327
Median household expenditure	2,583	2,971	2,500	1,087	800	1,667
Per capita expenditure on expenditure	995	1,077	838	545	352	709
Median Per capita expenditure	584	646	517	220	158	340

Source: Household Income and Expenditure Survey, 2019

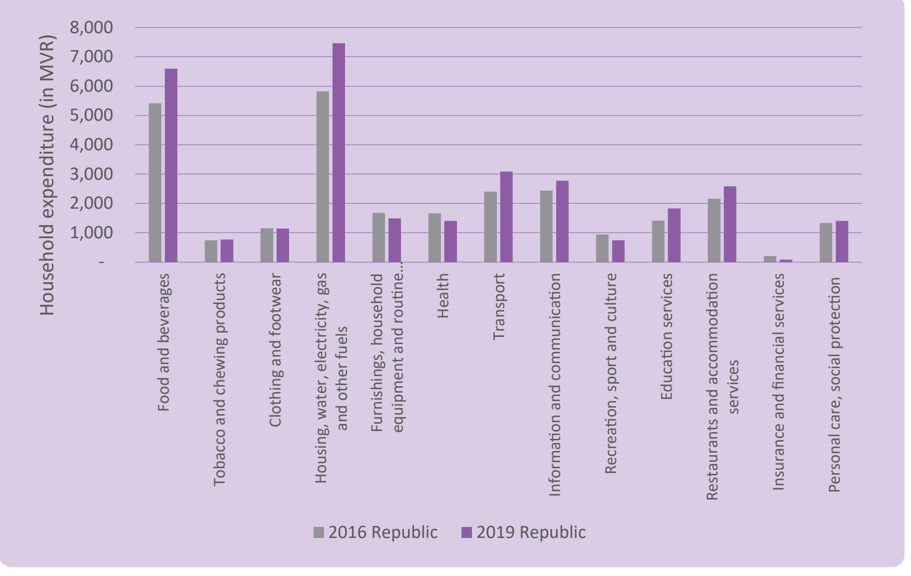
CHANGES IN EXPENDITURE PATTERN

Household expenditure patterns can be used for assessing the impact on household living condi-tions of existing economic or social measures and identify the disparities among households in dif-ferent socio-economic groups. There have been changes in the household expenditure patterns in the Republic between 2016 and 2019 (Fig-ure 37). The most remarkable changes over the three years since 2016 is the sharp increase in the expenditure on education. This could be due to the increase in number of colleges and universities throughout the country. Transport and housing expenditure also increased substantially.

Expenditure on restaurant and accommodation has also increased. Such changes in spending could be due to fac-tors such as changes in price and shifts in the lifestyle preference of households. During this period, expenditure on Tobacco also has increased. This could be the reason that the import duties on these products had increased during this period.

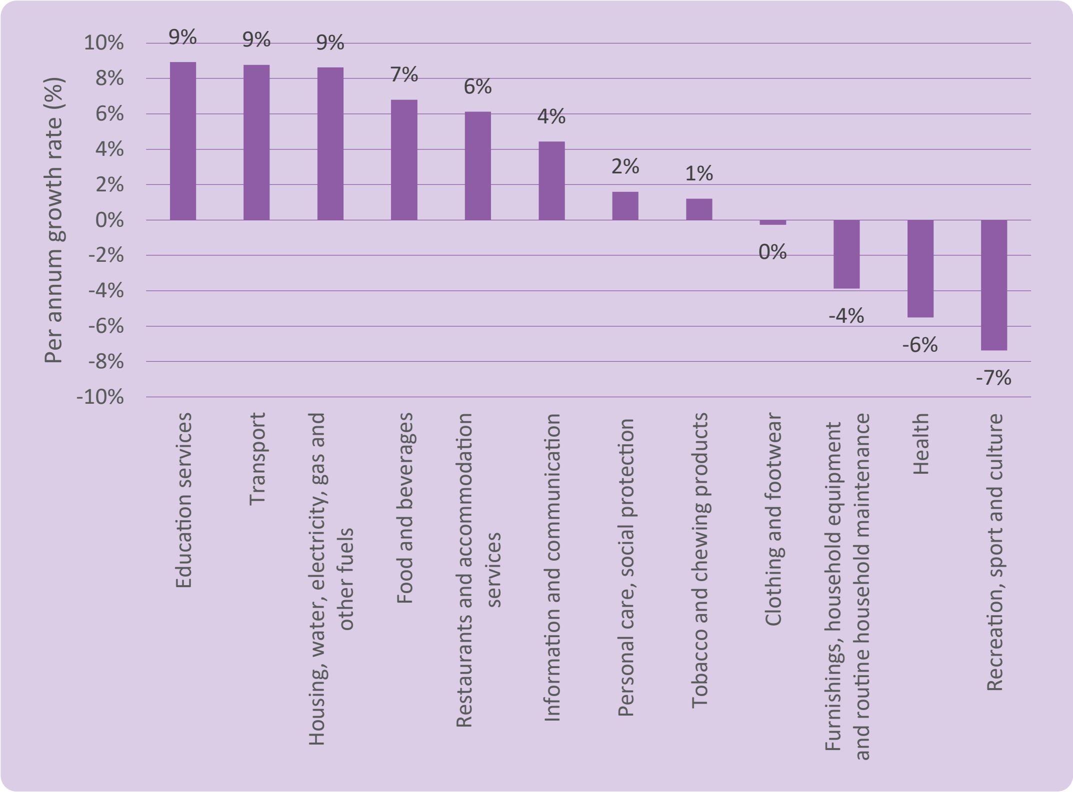
Notably, recreation experienced the largest decline in expenditure in percentage terms. Expenditure on health and furniture also showed a decline during this period (Figure 37).

Figure 36: Average monthly household expenditure by broad expenditure group, Republic, 2016 & 2019



Source: Household Income and Expenditure Survey, 2019

Figure 37: Average annual growth in monthly household expenditure by broad expenditure group, Republic, 2016-2019

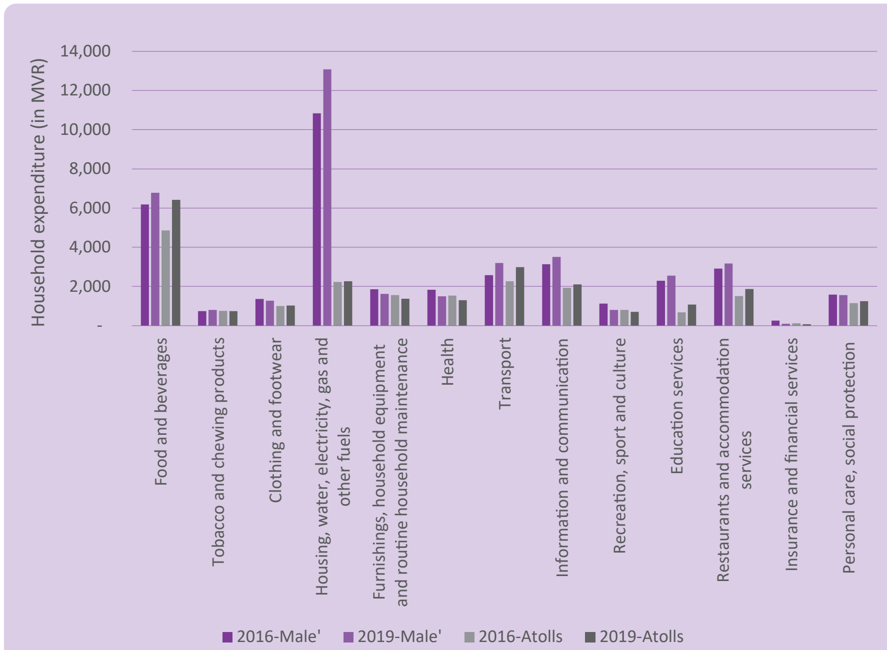


Source: Household Income and Expenditure Survey, 2019

The household expenditure for Male' and the Atolls show a similar pattern as both tend to move in the same direction with exception of expenditure on clothing & footwear and personal care items. Expenditure on personal care, social protection category remained same while for the Atolls the expenditure on this groups has increased in 2019 (Figure 39).

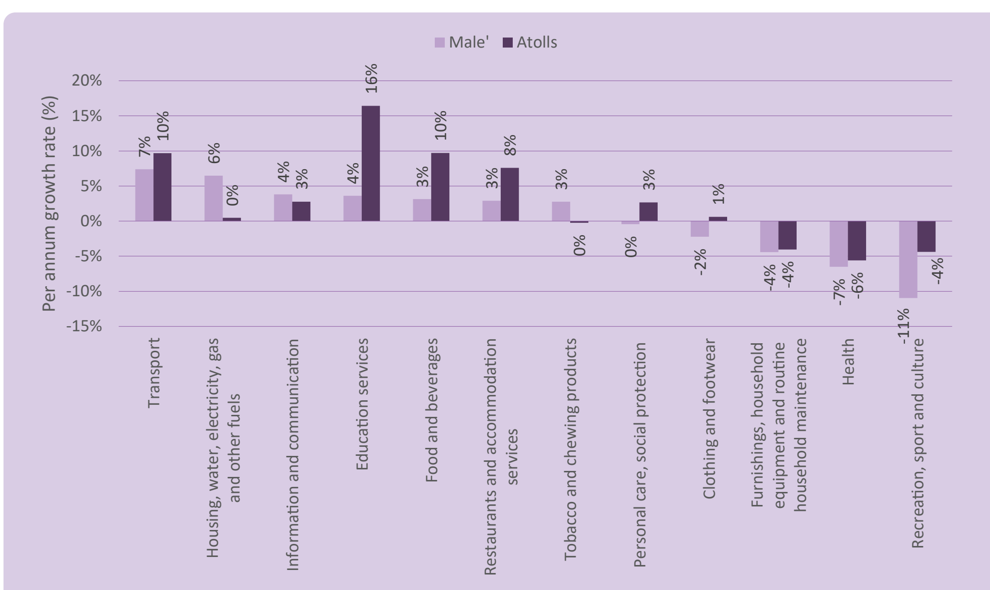
Expenditure on transport, housing and information & communication category shows an increase in both Male' & in Atolls. Expenditure on education, food & beverage and restaurant also shows an increase in both Male' & in Atolls. However, the rate of increase in transport, education, food & beverage and restaurant categories is more significant in Atolls compared to Male' (Figure 39).

Figure 38: Average monthly household expenditure by broad expenditure group, Male’ & Atolls, 2016 & 2019



Source: Household Income and Expenditure Survey, 2019

Figure 39: Average annual growth in monthly household expenditure by broad expenditure group, Male’ & Atolls, 2016-2019



Source: Household Income and Expenditure Survey, 2019

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