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THE STRUCTURE OF INCOME AND EXPENDITURES OF THE POPULATION OF KAZAKHSTAN

Abstract. This article is devoted to the analysis of monetary incomes and expenditures structure of the population of Kazakhstan. Statistical database of the Committee on Statistics of the Ministry of National Economy of the Republic of Kazakhstan served as an information base. The analysis revealed an increase in per capita nominal and real monetary incomes of the population of Kazakhstan. However, despite of falling of the share of income from labor activities, there is also an increase, while the share of social transfers is increasing. There is an increase in the differentiation of the population by income, especially the most pronounced in rural areas, while the gap in indicators between the city and the rural areas only grows. The purchasing power of the population is also declining. The main item of expenditures of the population is consumer spending, while its share in the structure of cash expenditures of the population is growing. Directions are proposed for improving the methodology for determining the cost of living.

Keywords: income, expenses, cost of living, welfare, Kazakhstan.

In Kazakhstani practice, the understanding of well-being is more limited to determining the level of income received by an individual and a household. According to the better life index in 2017, in Kazakhstan the average adjusted net household income after taxes amounted to 9517 USD per year (PPP), and the its average for the OECD countries - 30 563 USD per year [1]. At the same time, the average per capita nominal monetary income amounted to 83 053 tenge per month [2], while the median is 39 896 tenge, which is two times less, while 10.1% of the population live with incomes below 60% of this level [3].

In the I quarter of 2019, nominal monetary income amounted to 96,975 tenge. For the period under review, there has been an increase in nominal income. In 2016, a decrease in real incomes was recorded, after which they began to grow. However, the growth rate of real incomes is lower than nominal ones (figure 1).

In the I quarter of 2019, income from labor activity accounted for 72.6% of household monetary income. Basically, these are income from employment, which during the period under review decreased by 7.1 percentage points (pp.) against the background of stable income from property and entrepreneurial activity. It should be noted that the share of income from labor activity tends to decrease: while the share of wages is reduced faster than the share of income from business activities. Reducing the share of income from labor activity compensated by the state social transfers, the volume and size of which are growing annually. Pensions increased by 6.2 pp. compared with 2015, which led to an increase of the share of social transfers from 16.8% to 23.3% in the structure of monetary incomes of households in Kazakhstan. It should be noted that the property of the population is the least developed source of income, which indicates that only a fairly limited circle of Kazakhstanis has any property that generates income, which contributes to further growth of income differentiation of certain groups of the population. At the same time targeted social and housing assistance is missing in the income structure.

In the regional context, strong imbalances are noted (table 1). The maximum value of average per capita nominal monetary income of the population for all years of the study period is noted in Atyrau region (195 546 tenge), where the indicator exceeded the average republican level by 2 times. The lowest incomes in the southern regions of the country, in particular in the Turkestan region (46 336 tenge). It

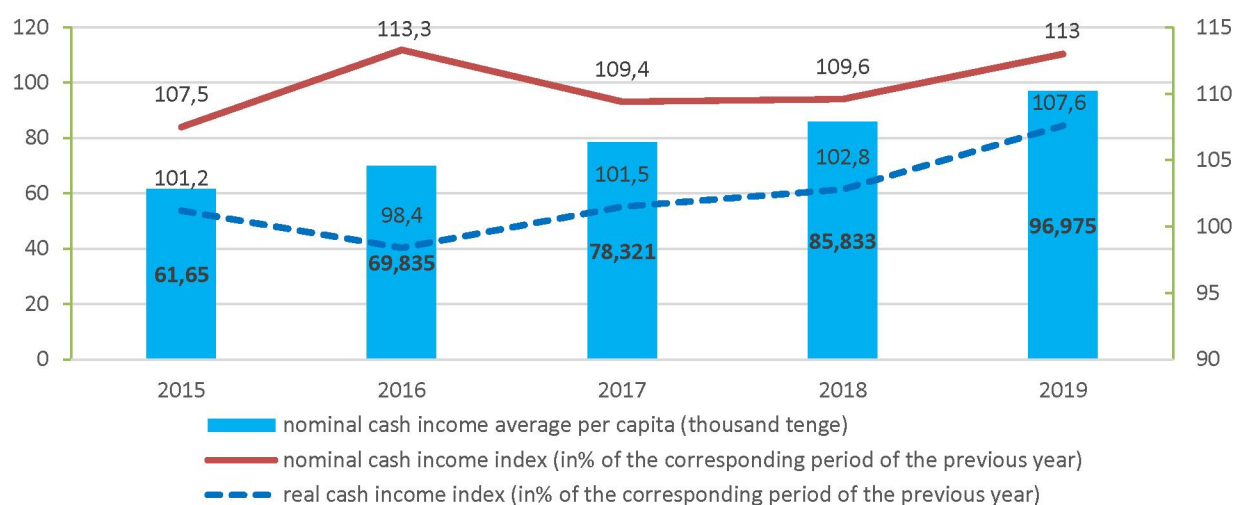


Figure 1 – Monetary income of households in Kazakhstan, I quarter 2015-2019 (%).

Note. Compiled by the authors on the basis of sources [4, 5].

Table1 – Per capita nominal cash income of the population by region, I quarter 2015-2019 (tenge)

Name of the region	2015	2016	2017	2018	2019	Growth
Kazakhstan Republic	61 650	70 055	76 903	85 833	96 975	1,57
Akmola	53 103	57 560	65 160	73 833	82 365	1,55
Aktobe	60 711	59 225	64 937	71 263	82 700	1,36
Almaty	44 674	54 427	61 421	63 459	74 090	1,66
Atyrau	121 666	137 780	137 998	163 675	195 546	1,61
West Kazakhstan	65 631	69 421	77 592	89 630	99 702	1,52
Zhambyl	40 597	43 105	49 838	58 195	66 361	1,63
Karaganda	68 673	66 250	73 654	86 192	97 915	1,43
Kostanay	51 160	57 563	66 333	75 753	82 881	1,62
Kyzylorda	57 540	48 678	59 082	61 512	71 266	1,24
Mangistau	110 104	103 568	110 845	118 893	138 589	1,26
Turkestan	36 636	40 626	42 631	87 481	98 416	2,69
Pavlodar	67 239	74 749	75 862	71 946	82 541	1,23
North Kazakhstan	49 408	56 610	62 367	38 660	46 336	0,94
East Kazakhstan	55 065	58 694	67 138	76 208	90 354	1,64
Astana city (Nur- Sultan)	114 387	125 170	122 057	141 106	147 824	1,29
Almaty city	115 151	110 973	125 203	131 020	145 419	1,26
Max	121 666	137 780	137 998	163 675	195 546	1,61
Min	36 636	40 626	42 631	38 660	46 336	1,26
Max /Min, times	3,3	3,4	3,2	4,2	4,2	1,27

Note. Compiled by the authors based on the sources [4, 5].

should be noted that the ratio between the maximum and minimum values of this indicator for the study period increased from 3.3 to 4.2.

The differentiation of average monthly wages remains high. The largest salaries is at mining enterprises and the financial sector. The lowest salaries is in agriculture, as well as in education, health and the arts. In 2018, the average salary of mining workers was almost 3.5 times higher than the average salary

of agricultural workers. Income from labor activity is the main source of income for residents of Mangistau region. Social transfers are one of the main sources of the East Kazakhstan and North Kazakhstan regions. Property as a source of income is mainly used in Nur-Sultan and Almaty cities, Karaganda and Kyzylorda regions. Property income is negligible for rural residents. In Kazakhstan villages income from labor activity in the income structure is lower than in urban areas, while at the same time, income from self-employment and entrepreneurial activity exceeds 2 times.

For the period under review, there has been an increase in monetary expenditures by 1.5 times. In the I quarter of 2019, monetary expenditures on average per capita amounted to 163,043 tenge (figure 2). The highest expenditures in Almaty city (257 061 tenge), Nur-Sultan city (195 218 tenge) and Karaganda region (194 977 tenge), which exceed the national average by 57.7%, 19.7% and 19.6%, respectively. The lowest expenditures is in Turkestan region (103 375 tenge), i.e. 63.3% of the average republican level.

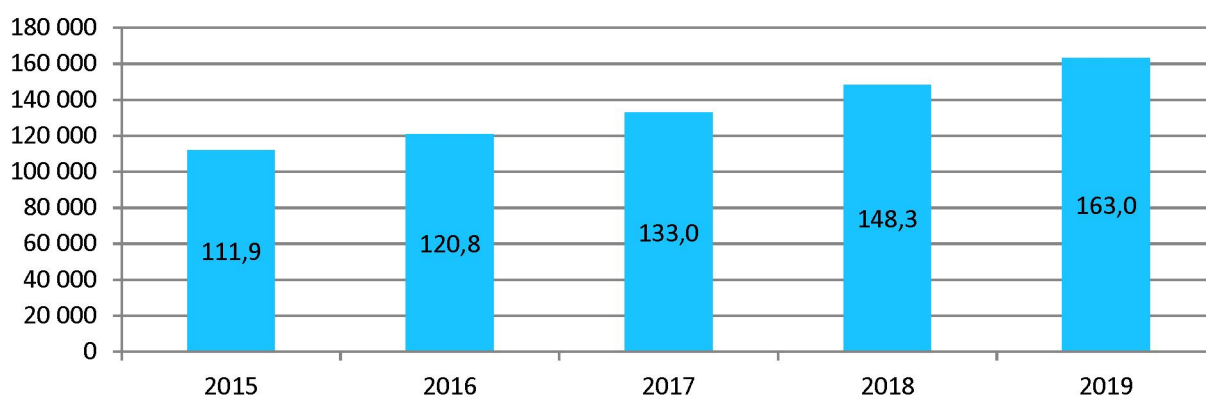


Figure 2 – Household monetary expenditures, I quarter 2015-2019 (%).

Note. Compiled by the authors based on the sources [4, 5].

In the I quarter of 2019, 92.3% of expenditures accounted for consumer spending, most of which was represented by food products. In the structure of monetary expenditures of the population, an increase in the share of expenditures on food products is observed. For the period under review, expenditures on consumer goods increased by 3.9 pp. At the same time, non-food products and paid services decreased by 2.8 and 1.3 pp., respectively (figure 3).



Figure 3 – Structure of household cash expenditures, I quarter 2015-2019 (%).

Note. Compiled by the authors based on the source [7].

Expenditures in cities are higher than in villages. In the I quarter of 2019, the expenditures of urban residents exceeded the expenditures of rural residents by 6 255, i.e. 1.5 times. In villages the expenditures on food and non-food products are higher than in the city by 5.1 pp. and 4 pp. respectively. Among the urban population, the expenditure on paid services is higher than in villages by 8.4 pp. For the period under review, the share of food expenditures increased from 46.3% to 51.9%. In the village, foodstuffs account for 51.9% of the structure of expenditures, and 46.2% in the city. For the period under review, in the structure of consumer spending there are an increase in spending on food products and a decrease in non-food spending (figure 4).

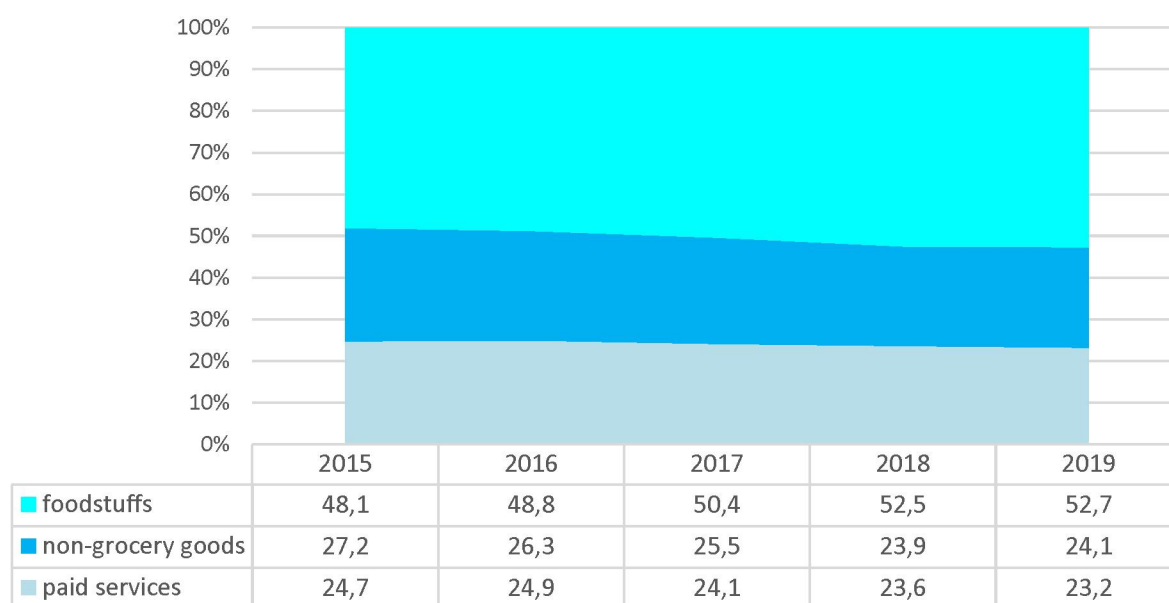


Figure 4 – Structure of household consumption expenditures, I quarter 2015-2019 (%).

Note. Compiled by the authors based on the sources [5, 6].

In the I quarter of 2019 basic expenditures occurred in such groups of food products as meat, poultry, and fish; bread and bakery products; fruits and vegetables; dairy products and eggs. In villages the expenses of bread, bakery products, sugar, confectionery, sweets exceed the expenses of urban residents by more than 1 pp. At the same time, urban residents have higher food and drink expenses than in villages. The main part of expenditures in the non-food products group falls on such product groups as clothing, fabrics, shoes; household products; vehicles, parts and gasoline. The expenditures on these goods in villages are higher than in cities. The costs of utilities, maintenance of housing and repairs, as well as transport and communications services occupy the bulk of the structure of paid services. And in cities, these expenditures are higher than in villages.

The lowest expenditures prevail in the population's expenditures on goods for home repair; goods for recreation, education and culture; alcoholic beverages, as well as health services.

A comparison of final incomes with a cost of living reflects the consumer's abilities of the population, showing the degree of satisfaction, first of all, of basic physiological needs. As a rule, low incomes of the population restrain consumer demand, which, in turn, affects the development of domestic markets for goods and services. In general, it is worth noting that, despite the growth in incomes, the purchasing power of the population of the Republic of Kazakhstan for the period under review decreased, especially in rural areas. During the period under review, the cost of living in Kazakhstan increased from 19 042 tenge to 27 144 tenge. In the I quarter of 2019, the share of population with incomes lower than cost of living increased compared to 2015 and amounted to 4.1%. Moreover, in rural areas this indicator is almost three times higher than in urban areas and amounts to 6.3%. Regionally, in Turkestan region, 10% of the population has incomes below the cost of living, the lowest share in the city of Nur-Sultan is 0.5% (table 2).

Table 2 – Income distribution in Kazakhstan, I quarter 2015-2019 (%)

Year	The share of population with incomes lower than		Depth of poverty	Severity of poverty	Gini coefficient for 20% of the population
	cost of living	food basket value			
2015	2,7	0,1	0,3	0,1	0,267
2016	2,5	0,1	0,3	0,1	0,263
2017	2,6	0,1	0,4	0,1	0,269
2018	4,1	0,2	0,6	0,1	0,271
2019	4,1	0,1	0,6	0,1	0,275
<i>Note.</i> Compiled by the authors based on the sources [5, 6].					

In the whole country there is a low level of the share of the population having incomes below the cost of living, as well as the shares of the population having incomes lower than the food basket value. So, in Kazakhstan, 0.1% of the population has incomes below the value of the food basket. Their number for the period under review has remained unchanged. A quarter of the poor in Kazakhstan live in Turkestan region. For the period under review, the depth of poverty index doubled, which indicates an increase of share of extremely poor people. In Mangistau region it is the highest - 1.5%, in Shymkent and Nur-Sultan cities it is the lowest - 0.2%. The severity of poverty index characterizes the maximum depth of poverty. In the period from 2015 to 2019, the severity of poverty index in the republic remained unchanged, which indicates that the proportion of categories of people most in need of state support remained the same. At the same time, the Gini coefficient for 20% of the population groups increased from 0.267 to 0.275%, which indicates an increase in inequality over the period under review.

A household survey conducted in March 2019 showed that 68.8% of respondents in terms of material support (wealth) rated themselves as average, 0.4% of respondents indicated low material support level and only 0.3% of respondents referred to high material support level. 35.9% of respondents are satisfied with their financial situation, 1% are not satisfied. At the same time, in rural areas 42.3% of respondents are satisfied with their financial situation, in the city - 32.4%. The allocated weight of men satisfied with their financial situation in life is more - 37.1% than women - 35.1%. Among self-employed people, a greater number of respondents were satisfied with their financial situation (39.5%) than among employed people (37.2%). The percentage of those among the unemployed is 26%, while only 2.8% of them are dissatisfied with their financial situation. A similar trend is formed by satisfaction with the economic situation in the family (in the household). 60% of respondents are satisfied with their life, while it should be noted that their share is greater in rural areas - 69.3% (in the city - 54.4%). The allocated weight of men satisfied with their life is more - 61.8% than women - 58.5%. By age categories, the proportion of those satisfied with life is greater in the age ranges of 15-17 years (68.2%) and 18-28 years (65.8%). At the same time, over the past year, the welfare of 59.7% of respondents has not changed, it has improved in 36.4% [8].

Thus, despite the increase in per capita incomes of both nominal and real monetary incomes of the population of Kazakhstan, the share of income from labor activity is falling, while the share of social transfers is increasing. At the same time, the growth of nominal per capita monetary incomes is slower than the growth of real incomes and is accompanied by an increase in the differentiation of the population by incomes, especially the most pronounced in rural areas, while the gap in indicators between the city and the village only increases. The purchasing power of the population is also declining. The main item of population expenditures is consumer spending, while its share in the structure of monetary expenditures of the population is growing. Based on international experience, the expenditures on consumer goods should be less. The results of the analysis indicate that there is an objective need for government intervention in social processes. A complex of effective measures is required to support a variety of social groups, as well as a policy aimed at improving the welfare of a citizen, family and the whole Kazakhstani society. For example, improving the methodology for determining the cost of living. When calculating it, only basic

needs are taken into account, which support the existence of the individual, but do not characterize his well-being. The problem is aggravated by the fact that in Kazakhstan a food basket has not been updated for a long time. The Labor Code of Kazakhstan stipulates that the monthly minimum wage (MMW) cannot be lower than the cost of living. However, the established size of MMW does not ensure human development. When calculating the cost of living, the norms of consumption of basic food products are applied, quantitatively equal to the cost of the minimum set of food products, non-food goods and services necessary to maintain human health and ensure its vital functions. The minimum consumer basket consists of two parts: a food basket and a fixed share of the cost of non-food goods and services. The government of Kazakhstan has established a fixed share of expenses for minimally necessary non-food goods and services for calculating the cost of living in the amount of 40% of the cost of the minimum consumer basket, respectively, 60% falls on the food part. For comparison, the share of food expenses in developed countries is: Luxembourg - 8.8%, Switzerland - 9.6%, Norway - 11.8 %, Austria - 12.1%, Ireland - 16.2%, Turkey - 19.6%. Kazakhstan uses a low standard of consumption of food and non-food goods and services, which does not provide an adequate level of reproduction of labor. In order to correct the situation, it is necessary to improve the methodology for calculating the minimum wage on the basis of the minimum consumer budget (rational development budget), setting individual norms above physiological values.

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ҚАЗАҚСТАН ХАЛҚЫНЫҢ ТАБЫС ЖӘНЕ ШЫҒЫС ҚҰРЫЛЫМЫНЫҢ ТАЛДАУЫ

Аннотация. Мақала Қазақстан халқының табыс пен шығыс құрылымына жасалған талдауға арналған. Ал ақпараттық база ретінде Қазақстан Республикасының Ұлттық экономика министрлігі Статистика комитетінің статистикалық мәліметтері алынды. Талдау барысында Қазақстан халқының жан басына тұтынған номиналды және нақты табыстың өсуі айқындалды. Дегенмен, еңбек қызметінен түсетін табыс үлесінің азаюмен қатар әлеуметтік трансферттер үлесінің өсуі де байқалады. Халықтың табыс бойынша дифференциациясы күшееді. Оны әсіресе елді мекендерде байқауға болады. Бұл ретте, қала мен елді мекендер арасындағы көрсеткіштердің айырмашылығы тек арта беретіні анық. Сонымен қатар, халықтың сатып алу қабілеті түседі. Халықтың шығыстарының негізгі шығыс бабы тұтынушылық шығыстар болып табылады, бұл ретте халықтың ақша шығыс құрылымындағы оның үлесі өседі. Осы мақалада күнкөріс минимумды анықтау әдісін жетілдіру бойынша бағыттар ұсынылады.

Түйін сөздер: табыс, шығыс, күнкөріс минимум, әл-ауқат, Қазақстан.

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АНАЛИЗ СТРУКТУРЫ ДОХОДОВ И РАСХОДОВ НАСЕЛЕНИЯ КАЗАХСТАНА

Аннотация. Статья посвящена анализу структуры денежных доходов и расходов населения Казахстана. Основным методом исследования послужил экономико-статистический анализ. В ходе анализа был выявлен рост среднедушевых номинальных и реальных денежных доходов населения Казахстана. Однако на фоне падения доли доходов от трудовой деятельности наблюдается увеличение доли социальных трансфертов. Происходит усиление дифференциации населения по доходам, особенно наиболее выраженной в сельской местности, при этом разрыв в показателях между городом и селом только возрастает. Также снижается покупательная способность населения. Основной статьей расходов населения являются потребительские расходы, при этом доля его в структуре денежных расходов населения растет. Предложены направления по совершенствованию методики определения прожиточного минимума.

Ключевые слова: доходы, расходы, прожиточный минимум, благосостояние, Казахстан.

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