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Myanmar: Pattern of Household Consumption Expenditure

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(a) Household expenditure pattern

1. The pattern of consumption expenditure of an average Burmese family is given in table (1). The figures are published by the Central Statistical Organization (CSO) and are based on its sample survey of monthly consumer expenditures of an average household in Yangon. The table gives data for two years, 1986 and 2001, and thus shows how the pattern of consumption expenditure has evolved over a fifteen year period.² It reveals the following.

2. The size of the average household in Yangon has declined from 5.78 in 1986 to 5.20 in 2001. The monthly expenditure of this smaller household, mostly to meet daily necessities, rose from K997 to K37,428 over this period – a thirty-seven fold increase.

3. There has been an increase of 3.43% in the share of food in the household expenditure of an average family in Yangon over the 15 year period. But no significant shifts seemed to have taken place in the share spent on major food items. There has been small increases in the share of expenditures on meat amounting to 0.12% and on rice amounting to 0.78%. The increase in share spent on fruits and vegetables is higher at 2.85%. On the other hand, there has been declines in shares spent on fresh fish amounting to 0.89% and on oil and fats amounting to 2.1%.

4. As for the nonfood category, a significant change is the rise in the share of “charity and ceremonials” (C&C) in total expenditure. In 1986, the average family in Yangon spent K13 per month on this item and of the 16 items listed under the nonfood category, C&C’s share (1.3%) is ranked tenth. In 2001, C&C became a major item of expenditure. The amount spent on it (K1,233), is ranked third on the list of nonfood expenditures, behind “fuel and light” (K2,364) and “travel” (K2,363). The amount spent on C&C in 2001 is higher than the money the household spends on house rent and home improvements (K1,148), on education (K897), on clothes (K847), as well as on health (K637).

5. There are several possible reasons why C&C has become more important in the everyday life of an average Burmese city dweller. It could be that the family is performing more meritorious deeds because its members have become more interested in the next life than in the present one. Or it could be that the family is taking advantage of (or is being persuaded to take advantage of) the many new opportunities for making contributions to charities, welfare activities, community self-help schemes and other worthy causes (such as building roads and public works) that have mushroomed in the country in the process of transformation into a market-oriented economy. Or it could simply be that the household is playing an active part in numerous ceremonies, celebrations, festivals, mass rallies and rituals that have become a major national preoccupation in recent years.

(b) Comparison with other countries

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²As of writing this paper, 2001 is the latest year for which data are available on household consumption expenditure.

6. How does Myanmar's current pattern of household consumption expenditure compare with others in the region and with those in the developed world? The structure of a country's consumption expenditure is influenced by its culture, traditions, customs, values, tastes and preferences and hence making inter-country comparisons in this area is hazardous. Keeping this in view, it will nevertheless be useful to recall a generally accepted principle in economics, known as Engel's Law, which states that for any country or society, a family at a lower level of income devotes a larger proportion of its expenditure to food. Then with rising incomes, the share of food declines while there is a corresponding increase in the share of other items such as housing, consumer durables, transport, education, health, recreation and family welfare services. As shown in table (1), 68.36% of the consumption expenditure of an average family in Yangon in 2001 is on food. For the country as a whole, the share of food for the same year is estimated to be 72%, with rice making up 15.8%.³ In the countryside and villages, the share of food (and especially rice) in total consumption expenditure is higher. This is particularly so in the rural areas of Chin State where food accounted for 76% of total household consumption expenditure with the share of rice amounting to 17.8%.⁴ Compared to this, the proportion spent on food for an average household in a developed country like the USA is around 14%.⁵ Even then, not all countries are happy with the amount of food consumed by their citizens. Consider for example, this observation on the eating habits of the citizens of America.

"Numerous nutrition experts of the U.S. Department of Agriculture and of Health and Human Services have voiced concern that Americans generally eat too much food and, specifically, too much fat, cholesterol, sugar, and salt. Pointing to the incidence of obesity, diabetes, heart attacks, high blood pressure, and tooth decay, the Senate Select Committee on Nutrition and Human Needs has suggested that Americans eat 30% fewer calories from fats, 45% fewer calories from refined sugars, ... and that they reduce cholesterol intake by one-half, and salt intake by two-thirds."⁶

7. Not only in a developed country like the United States, in no other country in the Asian region does an average family devote such a high share of household consumption expenditure to food as in Myanmar. In Singapore the share of household consumption on food is 14%, in Thailand it is 32% and in Malaysia, 37%. The share spent on food is lower in other least developed countries as well. For example, in Bangladesh the share is 52%, in Cambodia 57% and in Laos 61% (see footnote 7 below).⁷

³Central Statistical Organization, *Statistical Yearbook 2002* (Yangon: CSO,2002), table 22.04, p. 423.

⁴*Ibid.*; table 22.05; p. 431.

⁵The distribution of household spending in the United States in 1995 was as follows: Housing (32.4%), Transportation (18.6%), Food (14%), Personal insurance and pensions (9.2%), Health care (5.4%), Apparel and services (5.3%), Entertainment (5%) and Other expenditures (10.1%). See United States, Bureau of Labor Statistics, *Distribution of Household Spending, 1995 BLS Consumer Expenditure Survey* [<http://www.nnfr.org/econ/bls95.htm>]. Three decades earlier in 1963, the share of food and beverages in the household consumption expenditure in the United States was 25.2% and the share fell to 17.5% in 1981. See Eugene A. Diulio, *Money and Banking* (New York: Schaum's Outline Series, McGraw-Hill Book Company, International Editions, 1987), p. 19.

⁶Michael C. Latham's contribution on "Dietary Guidelines", available on *Microsoft Encarta 95, CD-Rom*.

⁷For the latter half of the 1990s, the share of food and beverages in the household consumption expenditure of countries in the Asia and Pacific region were as follows: Singapore (14%), Japan (23%), Taiwan (24%), Hong Kong (26%), Republic of Korea (27%), Thailand (32%), Malaysia (37%), Sri Lanka (41%), China (44%), Mongolia (45%), Philippines (47%), Bangladesh (52%), India (54%), Pakistan (55%), Cambodia (57%), Indonesia (59%),

8. While the share spent on food has increased slightly relative to nonfood items in the consumption pattern of the average household in Yangon over the past decade and a half, there have been reports of vast changes in lifestyles in neighbouring countries over a similar period. For instance, a study completed in 1997 in Thailand is said to have found enormous changes in the spending pattern of consumers in that country with “money going into family welfare, sanitation, clothing, accommodation, transport and recreation.” According to the study, the share of expenditure on clothes and personal items went up from 9.5% in 1981 to 13.4% in 1996. The percentage spent on furniture, home accessories and appliances increased from 5.2% to 6.6%, the percentage spent on recreation jumped from 11.4% to 14.4%, while eating out at restaurants and hotels rose from 7.8% to 10% over the same period. The study is also reported to have found sharp rises in the shares spent on health care as well as on communications and transport.⁸

9. Myanmar with its cherished traditions and customs need not emulate the spending patterns of others. Nevertheless, the structure of household consumption expenditure reflected in table (1) points to several challenges. First, the large percentage spent on food indicates a low level of income. The income level of the average household must be substantially increased so that the family has enough to spend on other items that are considered desirable in any modern developed society. Second, although the increased preference for charity and ceremonies is understandable, the lack of significant change in the pattern of household consumption expenditure for one and a half decade is disturbing. Third, with regard to food, it is important that the family gets a balanced diet. It is particularly important for children to get a diet that promotes their mental and physical development. Finally, as regards nonfood items, the proportions and the absolute amounts spent on items such as health, education and recreation are too small. Given today's prices, most residents of Yangon would agree that it would not be adequate for a family of five to spend K897 per month on education, K637 on health care, and K141 on recreation. At the market exchange rate of K615 per US dollar that prevailed in 2001, these amounts translate into \$1.46 per month on education, \$1.04 per month on health care, and 23 cents per month on recreation.

(c) Imbalance in household income and expenditure

10. The household income and expenditure survey of 1997 further reveals that average incomes of families in many parts of Myanmar are inadequate to meet household consumption expenditures.⁹ Table (2) shows that except in Yangon and Ayeyarwady divisions, estimated monthly incomes of average households were insufficient to cover consumption costs in the remaining 12 states and divisions. The situation appears particularly acute in Kayah, Shan, Magway, Rakhine, and Sagaing state/divisions where estimated incomes accounted for between 42% to 57% of the respective expenditures. For the country as a whole the income of the average family can only meet 73% of its consumption expenditure. Table (2) also indicates that income distribution has been uneven

Nepal (61%), Laos (61%), Viet Nam (62%), North Korea (65%), and Myanmar (71%) [Source: SSII, *Asian Agrifood Demand Trends to 2010*].

⁸See news article entitled “Thais becoming big spenders”, in the *New Light of Myanmar*, 12 March 1997, p. 4. The study was undertaken by the Thai Farmers Bank Research Centre and it became available in March 1997.

⁹I understand that a household income and expenditure survey for the states and divisions of Myanmar for the year 2001 has already been completed by the Central Statistical Organization. However, the year 2001 survey is awaiting clearance from the authorities for release, and is not available as of writing this paper. Hence, the 1997 household income expenditure survey is the latest available to the general public at this time.

among states and divisions. For example, the estimated income of an average household in Yangon Division (K16,661) is over three and a half times higher than the income of an average household in the Kayah State (K4,622).

11. According to CSO, sources of income include wages and salaries (in cash and kind), entrepreneurial income, pension, rent, interest, remittances, bonuses, and others (in kind). When incomes are substantially below expenditures, a family has the following options to make ends meet:

- (i) Draw down savings, if any;
- (ii) Sell off assets;
- (iii) Borrow and get into debt;
- (iv) Get handouts from relatives and friends; and
- (v) Tighten belt – eat less, reduce standard of living, take children out of school.

12. Obviously, there are limits to which these measures can be pursued and they are not sustainable in the long run. The large gap between income and expenditure also raises the question of underreporting of incomes. This possibility appears likely as most low-income employees moonlight, seek side income in the informal sector, and wife and children undertake casual work to supplement family earnings.

Table 1. Household Expenditure per Month in Yangon, 1986 and 2001

<u>Year</u>	Expenditure 1986 (Household size = 5.78)		Expenditure 2001 (Household size = 5.20)		Increase Ratio	Share Change (%)
<u>Item of household expenditure</u>	(a) <u>Value</u> (Kyats)	(b) <u>Share</u> (%)	(c) <u>Value</u> (Kyats)	(d) <u>Share</u> (%)	(c/a) <u>Ratio</u>	(d-b) (+)increase (-)decrease
Total	996.84	100.00	37,428.06	100.00	37.55	n.a.
FOOD	647.29	64.93	25,585.87	68.36	39.53	+3.43
(1) Meat	106.44	10.68	4,041.07	10.80	37.97	+0.12
(2) Rice	97.61	9.79	3,955.03	10.57	40.52	+0.78
(3) Fish (fresh)	103.08	10.34	3,537.41	9.45	34.08	-0.89
(4) Cooking oil and fats	91.44	9.17	2,647.41	7.07	28.95	-2.10
(5) Fruits and vegetables	40.31	4.04	2,576.47	6.89	63.92	+2.85
(6) Spices and condiments	56.58	5.68	1,158.76	3.10	20.48	-2.58
(7) Eggs	18.39	1.84	951.67	2.54	51.75	+0.70
(8) Beverages	16.67	1.67	787.15	2.10	47.22	+0.43
(9) Pulses	19.01	1.91	747.21	2.00	39.31	+0.09
(10) Fish (dried)	5.56	0.56	707.35	1.89	127.22	+1.33
(11) Ngapi & nganpyaye	21.02	2.11	524.08	1.40	24.93	-0.71
(12) Milk & milk products	8.95	0.90	336.78	0.90	37.63	0.00
(13) Sugar and other food	15.58	1.56	273.93	0.73	17.58	-0.83
(14) Other	46.65	4.68	3,341.55	8.92	71.63	+4.24
NON-FOOD	349.55	35.07	11,842.19	31.64	33.88	-3.43
(1) Fuel & light	71.50	7.17	2,363.90	6.32	33.06	-0.85
(2) Travel expenses	47.78	4.79	2,363.28	6.32	49.46	+1.53
(3) Charity and ceremonials	13.20	1.33	1,233.15	3.29	93.42	+1.96
(4) House rent and repairs	30.37	3.05	1,147.79	3.07	37.79	+0.02
(5) Education	22.11	2.22	897.01	2.40	40.57	+0.18
(6) Clothing and apparel	51.19	5.14	847.14	2.26	16.55	-2.88
(7) Personal use goods	19.26	1.93	645.17	1.72	33.50	-0.21
(8) Medical care	18.61	1.87	636.81	1.70	34.22	-0.17
(9) Cleansing and toilet	30.19	3.03	540.10	1.44	17.89	-1.86
(10) Other household goods	n.a.	n.a.	292.35	0.78	n.a.	n.a.
(11) Tobacco	23.26	2.33	251.12	0.67	10.80	-1.66
(12) Recreation	4.27	0.43	140.74	0.38	32.96	-0.05
(13) Stationery & school sup.	12.13	1.22	133.65	0.36	11.02	-0.86
(14) Furniture	2.77	0.28	60.63	0.16	21.89	-0.12
(15) Crockery	1.35	0.14	11.13	0.03	8.24	-0.11
(16) Other	1.56	0.16	278.23	0.74	178.35	+0.58

Source: Central Statistical Organization, *Statistical Yearbooks 1995 and 2001*.

Notes: Expenditure items under both food and nonfood categories have been listed in order of magnitude for 2001. "n.a." means data not available or not applicable.

Table 2. Average Household Monthly Income and Expenditure in Myanmar in 1997					
State/Division		(a) Income (Kyats)	(b) Expenditure (Kyats)	(a-b) (c):Balance (Kyats)	(a/b) Ratio of income to expenditure (%)
States and Divisions					
01.	Yangon	16,660.99	15,499.75	+1,161.24	107.49
02.	Kachin	13,196.61	16,368.98	-3,172.37	80.62
03.	Tanintharyi	12,712.76	19,294.50	-6,581.74	65.89
04.	Ayeyarwady	12,311.42	12,267.99	+43.43	100.35
05.	Kayin	11,800.54	14,944.75	-3,144.21	78.96
06.	Mon	10,767.66	13,708.00	-2,940.34	78.55
07.	Bago	8,673.64	13,595.22	-4,921.58	63.80
08.	Mandalay	8,650.39	13,834.31	-5,183.92	62.53
09.	Shan	8,393.82	16,649.91	-8,256.09	50.41
10.	Sagaing	7,760.88	13,565.15	-5,804.27	57.21
11.	Chin	6,836.21	10,820.20	-3,983.99	63.18
12.	Rakhine	6,660.56	12,033.68	-5,373.12	55.35
13.	Magway	6,560.61	11,773.30	-5,212.69	55.72
14.	Kayah	4,622.15	11,017.56	-6,395.41	41.95
Cities					
01.	Yangon	18,997.36	16,234.81	+2,762.55	117.02
02.	Mandalay	11,058.03	18,273.60	-7,215.57	60.51
Whole Country					
01.	Union	10,122.98	13,784.51	-3,661.53	73.44
Source: Central Statistical Organization, <i>Report of 1997 Household Income and Expenditure Survey</i> (Yangon: CSO, 1999).					