

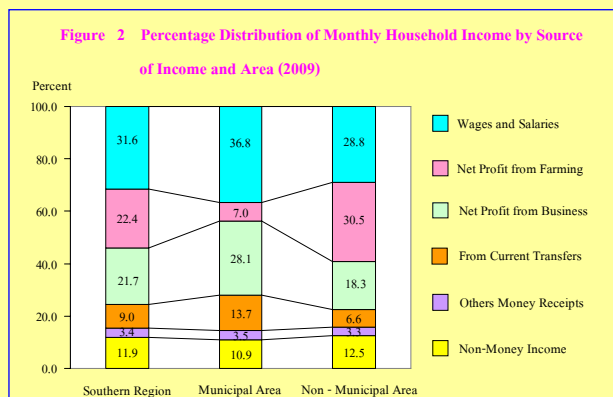
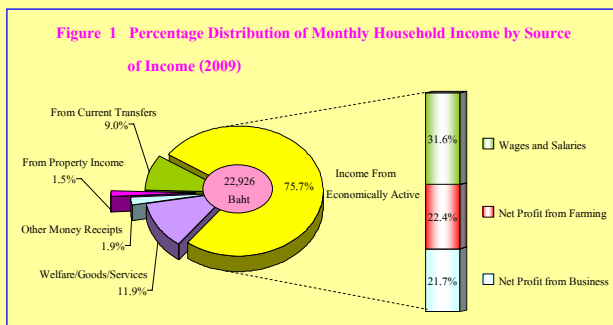
Chapter 2

Major Findings

2.1 Household Income (2009)

The result of the 2009 survey showed that households in the Southern region earned on average 22,926 baht per month. The major source of earnings (75.7%) was from economically activities such as wages and salaries (31.6%), net profit from farming (22.4%), and followed by net profit from non-farm business (21.7%). Main source of income for economically inactive was from assistance from other persons outside the household or from the government (9.0%) followed by income from asset and property rental such as interest receipt (1.5%). Besides, households also earned from non-money income (11.9%).

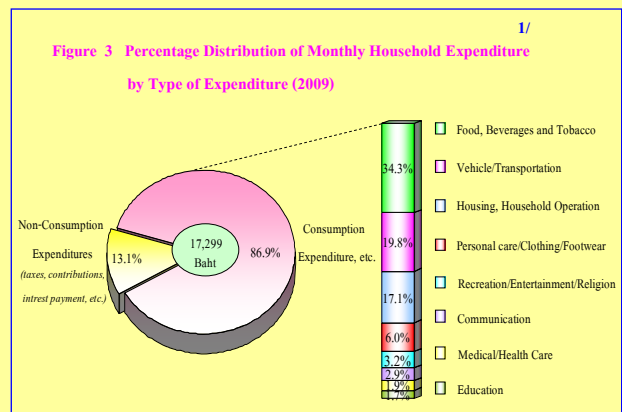
Concerning by area, it was found that households in municipal area earned on average considerably greater than households in non-municipal area (27,650 and 21,039 baht, respectively). The main source of household income in municipal area wages and salaries and net profit from non-form business (36.8% and 28.1% respectively), while households in non-municipal area earned primarily from net profit from farming (30.5% and 28.8% respectively).



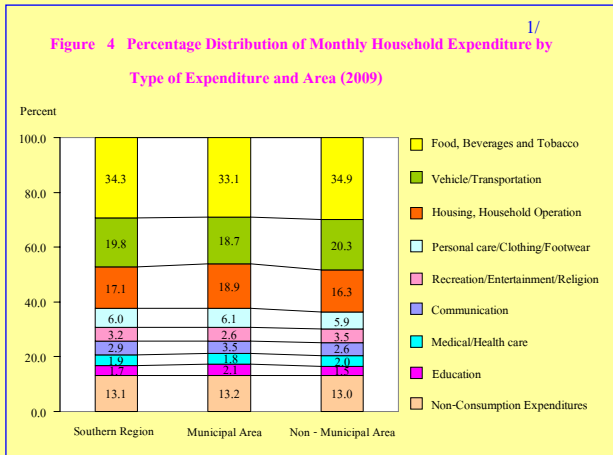
2.2 Household Expenditure (2009)

During the 2009 survey, households in the Southern region spent on average 17,299 baht per month, or approximately 75.5 percent of their income. By this amount, 86.9 percent was spent on household consumption, 34.3 percent of household consumption was spent on food, beverages and tobacco, 19.8 percent of household consumption was spent on food, beverages and tobacco, of which 1.3 percent and 0.9 percent were respectively spent on alcoholic beverages and tobacco. The following were the expense on vehicle and transportation (19.8%), housing and household operation (17.1%), personal care/clothing/footware (6.0%), recreation/entertainment/religion (3.2%), communication (2.9%), medical/health care (1.9%), and education (1.7%). Finally, the rest of 13.1 percent was spent on non-consumption expenditure such as taxes, gift, insurances, lottery and gambling, and interest payment.

Concerning by area, the result showed that households in municipal area and non-municipal area spent mostly on food, beverage and tobacco (33.1% and 34.9%, respectively), followed by expenditure on housing household operation for households in municipal area (18.9%), and expenditure on vehicle and transportation for households in non-municipal area (20.3%). Moreover, the share of expense on non-consumption expenditure was higher in municipal area than non-municipal area.



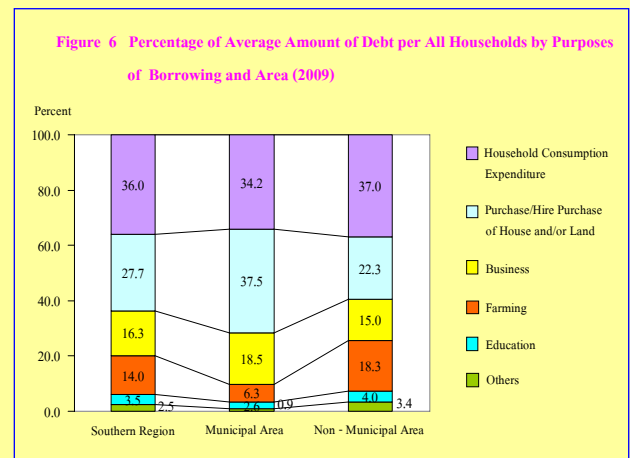
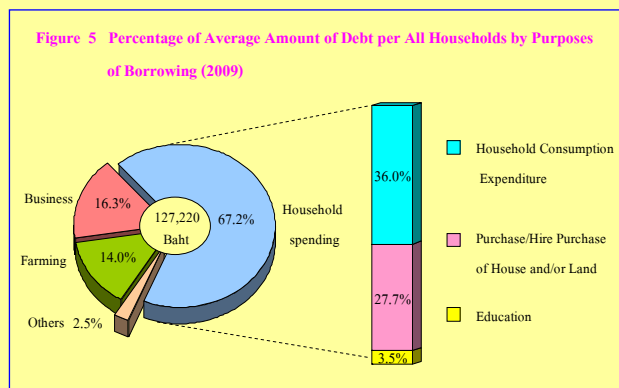
1/ expenditure for necessary items for daily life, which excluded saving and capital formation expenditures such as purchase or hire-purchase of house and land, etc.



2.3 Household Debt (2009)

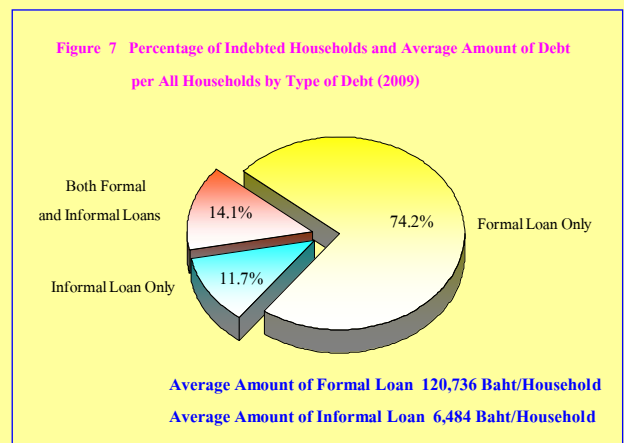
During the 2009 survey, over a half of private, non-institution households in the Southern region (54.8%) were in debt, which was 127,220 baht per household or approximately 5.5 times of household income. Most of the household debt (67.2%) was for household expenditure, and of this amount, 36.0 percent was for the purpose of household consumption, followed by the purpose of purchase/hire purchase of house and land (27.7%), and for education purpose (3.5%). The rest were for business operation in non-farm business (16.3%), for agricultural operation (14.0%),

for agricultural operation (14.0%), for agricultural operation (14.0%), for agricultural operation (14.0%). Concerning by area, it was noticed that households in municipal area had a high percentage of debt for purchasing/hire-purchasing of house and/or land (37.5% and 34.2%, respectively). For household consumption and for buying or hire-purchasing house and/or land (37.0% and 22.4%, respectively).



2.4 Indebted Household : Formal and Informal Loans (2009)

The majority of indebted households borrowed from formal sector. The share of indebted households with formal loan only was the largest (74.2%), followed by those with both formal and informal loans (14.1%), while those with informal loan only was the least (11.7%). The result also revealed that average amount of formal loan was 19 times higher than that of informal loan (120,736 and 6,484 baht, respectively).



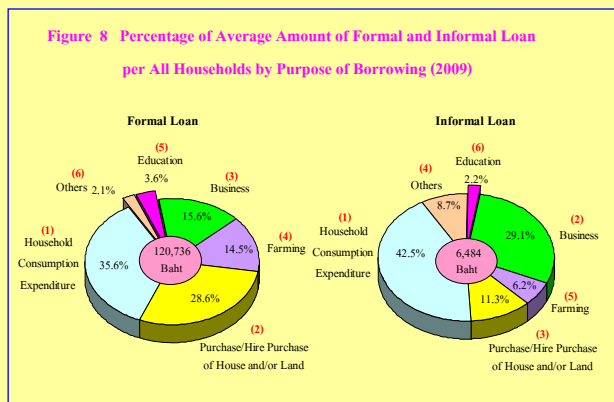
2.5 Formal and Informal Loans by Purpose (2009)

The result of the 2009 survey revealed that the main purpose of indebted households with formal loan was for household consumption (35.6%).

1/ expenditure for necessary items for daily life, which excluded saving and capital formation expenditures such as purchase or hire-purchase of house and land, etc.

The purpose of buying house/land was the next (28.6%). The loan for non-farm business had almost similar share to that for farming (15.6% and 14.5%, respectively). The loan for education, though, had only small share (3.6%).

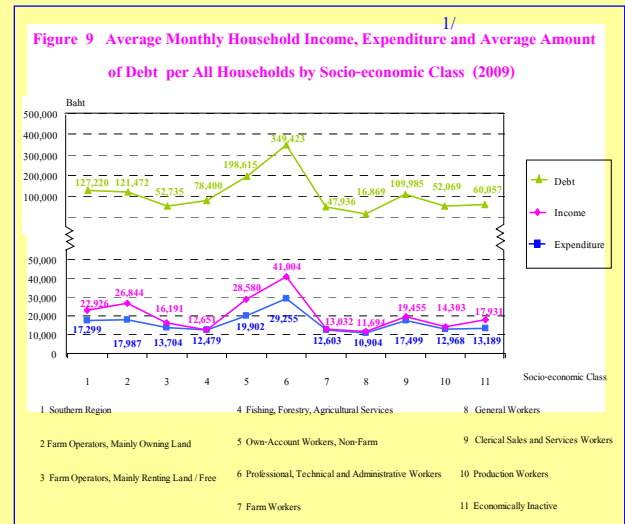
Likewise, household consumption was the main purpose (42.5%) for indebted households with informal loan. The following purposes were for non-farm business, for buying house/land, and for farming (29.1%, 11.3%, 6.2%, respectively). It was noticed that the share of debt for other purposes was relatively high (8.7%) comparing to those for farming and for education.



2.6 Comparing Household Income, Household Expenditure and Household Debt by Household Socio-economic Class (by type of occupation) (2009)

Concerning by type of occupation, it was found that households of employed professional, technical and executive workers earned the highest average income about 41,004 baht per month, followed by households of non - farm business and households of farm operators mainly owning land (28,580 and 26,844 baht, respectively). The lowest earning approximately 11,694 baht per month was found in households of general workers. The result also showed that by type of occupation, most of households with high income spent more and had high debt.

Furthermore, it was noticed that the ratio of expenditure to income for households of farm workers was approximately 96.7 percent, result in the lowest proportion of their remained money for saving and repaying debt comparing to other occupational groups (which were around 67% - 94%).

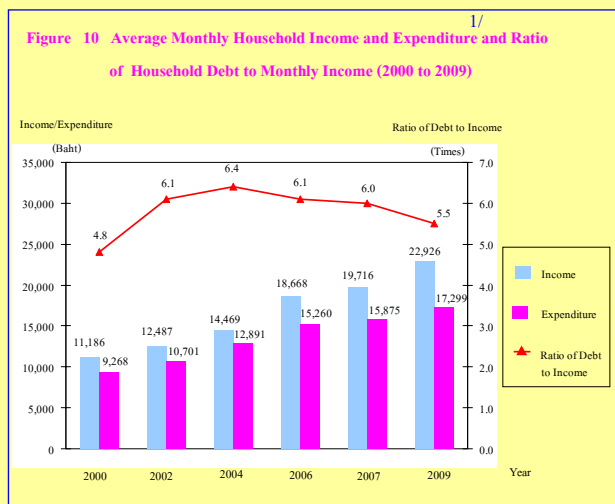


2.7 Comparing Income, Expenditure, and Ratio of Debt per Income (2000 to 2009)

During 2000 to 2009, the overall figures showed income higher than expenditure for necessary items for daily life. In addition to this, income has increased from 11,186 baht in 2000 to 22,926 baht in 2009, and in the means time, expenditure has increased from 9,268 baht to 17,299 baht. Considering the difference between income and expenditure in 2009, it was found that income was higher than expenditure for necessary items for daily life averagely about 5,627 baht per household or approximately 1,655 baht per capita, which was mainly used to repay debt.

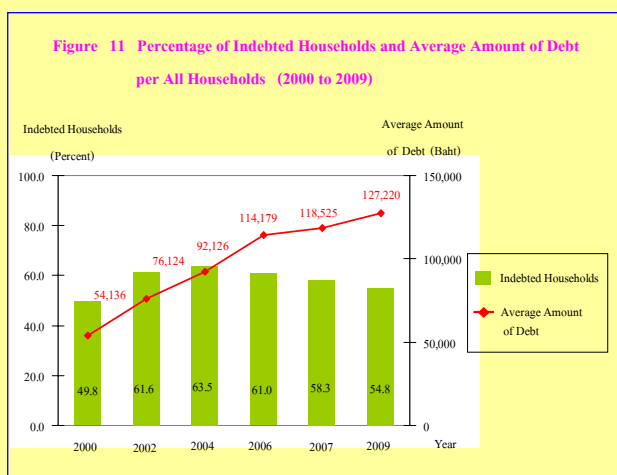
^{1/} expenditure for necessary items for daily life, which excluded saving and capital formation expenditures such as purchase or hire-purchase of house and land, etc.

Concerning the proportion of debt per income, it was found that the figure in 2004 was at the highest comparing to other years (6.4 times). However, the figure declined to 6.1 and 5.5 in 2006 and 2009, respectively.



2.8 Comparing Percentage of Indebted Households and Average Amount of Debt (2000 to 2009)

From 2000 to 2004, indebted households increased from 49.8 percent to 63.5 percent, then decreased to 61.0 percent in 2006 and 54.8 percent in 2009. The average amount of debt continually increased from 54,136 baht in 2000 to 127,220 baht in 2009.



2.9 Comparing Changes of Household Income, Household Expenditure and Household Debt (2007 to 2009)

By comparing the annual change rate of household income, household expenditure, and household debt, the survey result suggested that household income and household expenditure increased. By this, the increasing rate of household income (7.8%) was higher than that of household expenditure (4.4%). As a result, the proportion of expenditure per income declined from 80.5 percent in 2007 to 75.5 percent in 2009. Concerning household debt, the result showed that while the number of indebted households and the ratio of debt to income decreased (3.0% and 4.3%, respectively), the amount of debt increased from 118,525 to 127,220 baht.

Table 1 Changes of Income, Expenditure, and Debt (2007 to 2009)

Items	2007	2009	Annual percentage changes
			2009/07
Income (Baht)	19,716	22,926	7.8
Expenditure ^{1/} (Baht)	15,875	17,299	4.4
Proportion of Expenditure per Income (Percent)	80.5	75.5	-3.2
Average Amount of Debt per household (Baht)	118,525	127,220	3.6
Indebted Households (Percent)	58.3	54.8	-3.0
Ratio of Debt to Income (Times)	6.0	5.5	-4.3

2.10 Comparing Distribution of Household Income (2007 to 2009)

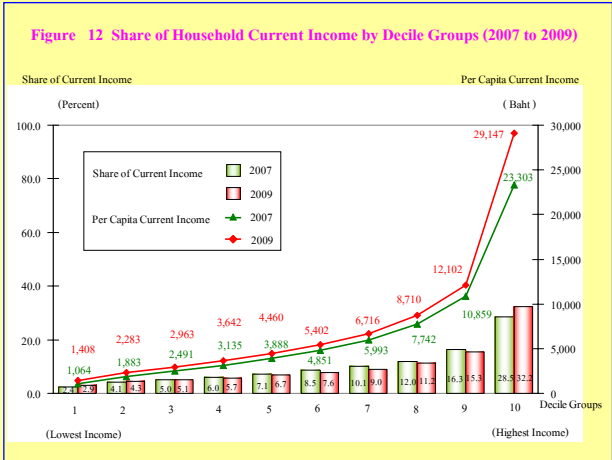
In the analysis of income distribution, households were equally divided into 10 groups, from those with the lowest to the highest of their monthly income per capita (the first group earned the lowest income, while the tenth group earned the highest income). The result showed that the percentage share of income of the tenth group was 32.2 percent, whereas that of the first group was 2.9 percent. Furthermore, it was found that income inequality had increased. That is, the percentage

^{1/} expenditure for necessary items for daily life, which excluded saving and capital formation expenditures such as purchase or hire-purchase of house and land, etc.

share of income of the highest income group rose from 28.5 percent to 32.2 percent. In addition, the result of the Gini coefficient analysis had risen from 0.369 in 2007 to 0.382 in 2009. However, the welfare of the lowest group was improved since the share of income increased from 2.4 percent in 2007 to 2.9 percent in 2009.

Considering an average monthly income per capita, it was found the increase figure averagely from 5,590 baht in 2007 to 6,609 baht in 2009, which increased in all groups. For instance, income per capita of the lowest-income group rose from 1,064 baht in 2007 to 1,408 baht in 2009, while that of the highest income group increased from 23,303 to 29,147 baht in 2009 or approximately 20.7 times the first group. As a result, the gap between the poor (the first group) and the rich (the tenth group) in 2009 was slightly narrowed comparing

to the year 2007 (in the 2007 survey, income per capita of the tenth group was 21.9 times greater than those of the first group).



	2007	2009
Gini Coefficient (Decile Groups)	0,369	0,382
Per Capita Current Income	5,590	6,609