

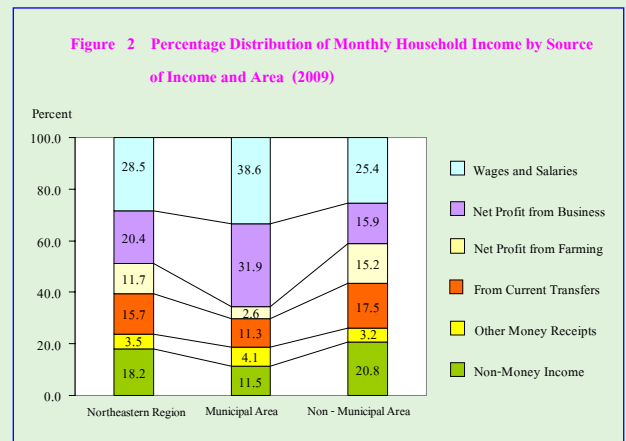
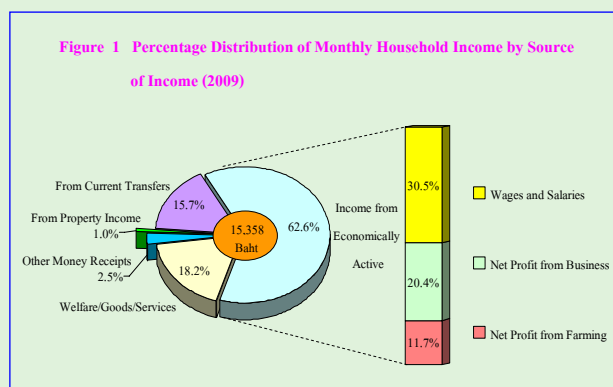
# Chapter 2

## Major Findings

### 2.1 Household Income (2009)

The result of the 2009 survey showed that households in this region earned on average 15,358 baht per month. The major source of earnings (62.6%) was from economically active such as wages and salaries (30.5%), followed by net profit from non-farm business (20.4%), and the net profit from farming (11.7%). Income from economically inactive was mainly from assistance from other persons outside the household or from the government (15.7%), followed by income from asset and property rental such as interest receipt (1.0%). The other source of earning was from assistance in term of welfare/good and services (18.2%).

Concerning by area, it was found that households in municipal area earned an average income considerably greater than households in non-municipal area (24,532 and 13,423 baht, respectively). The main source of household income both in municipal area and non-municipal area were from wages and salaries (38.6% and 27.4%, respectively), followed by income from non-farm business (31.9% and 15.9%, respectively).



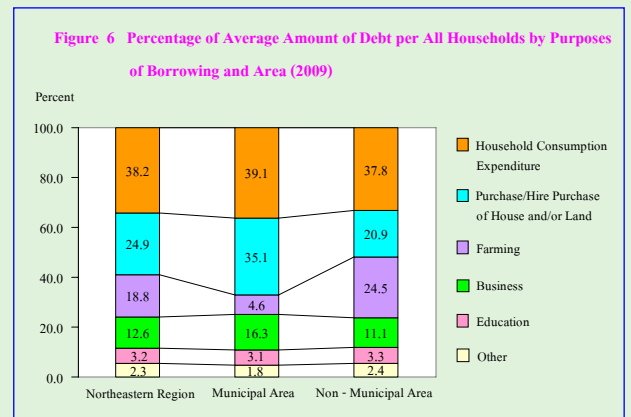
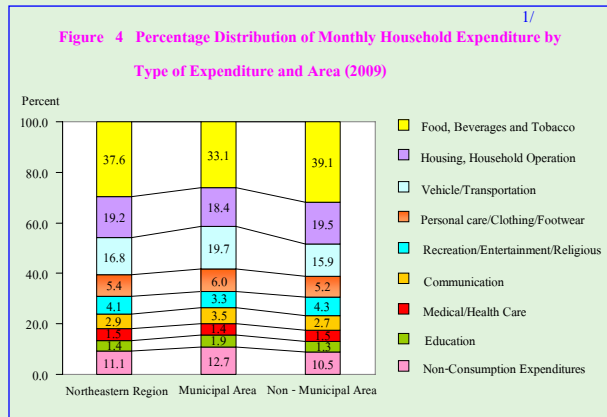
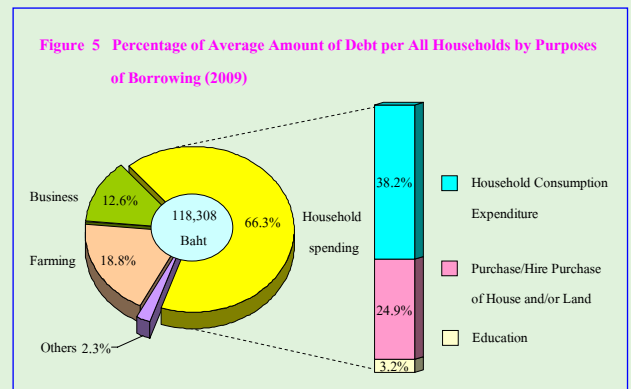
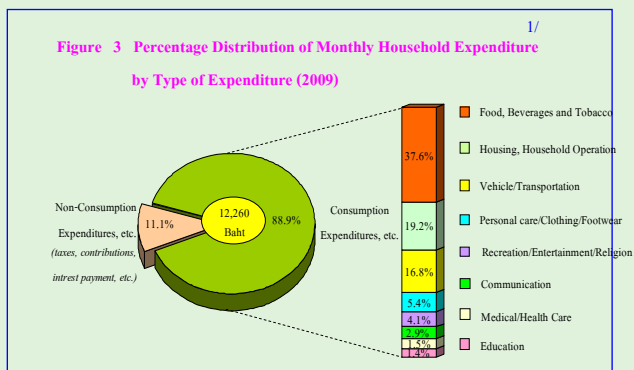
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### 2.2 Household Expenditure (2009)

During the 2009 survey, household in the Northeastern region spent on average 12,260 baht per month, or approximately 79.8 percent of their income. By this amount, 88.9 percent was spent on household consumption, 37.6 percent of household consumption was spent on food, beverages and tobacco, of which 1.1 percent and 0.6 percent were respectively spent on alcoholic beverages and tobacco products. Following the expense on food, beverages and tobacco were for housing and household operation (19.2%), vehicle and transportation (16.8%), personal care/clothing/footwear(5.4%), recreation/entertainment/religion(4.1%), communication (2.9%), medical and health care (1.5%), and education (1.4%). Finally, the rest of 11.1 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 non-municipal area spent on food, beverages and tobacco more than those in municipal area (39.1% and 33.1%, respectively), whereas expense on other types were similar in both municipal and 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.



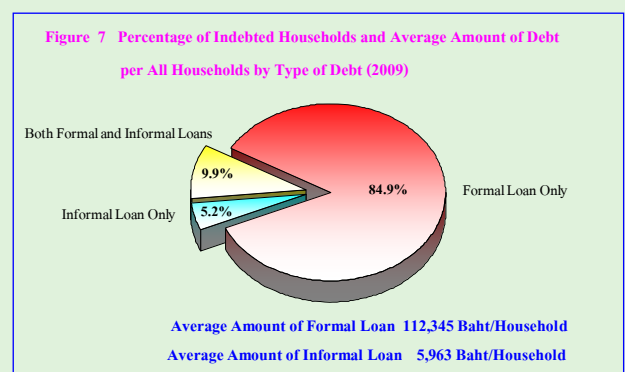
### 2.3 Household Debt (2009)

During the 2009 survey, over a half of private, non-institution households in the Northeastern region (72.8%) were indebted, which was 118,308 baht per household or approximately 7.7 times of household income. Most of the household debt (66.3%) was for household spending, of this amount 38.2 percent was for the purpose of household consumption, followed by the purpose of purchase/hire purchase of house and land (24.9%), and for education purpose (3.2%). The rest were for agricultural operation and for business operation in non-farm business (18.8 and 12.6%, respectively).

Concerning by area, it was noticed that indebted households in municipal area borrowed money mostly for household consumption and for buying or hire-purchasing house and/or land (39.1% and 35.1%, respectively). For indebted households in non-municipal area, their borrowing purposes were mostly for household consumption and for farm operation (37.8% and 24.5%, respectively).

### 2.4 Indebted Household : Formal and Informal Loans (2009)

The majority of indebted households in Northeastern region borrowed from formal sector. The share of indebted households with formal loan only was the largest (84.9%), followed by those with both formal and informal loans (9.9%), while those with informal loan only was the least (5.2%). The result also revealed that average amount of formal loan was 19 times higher than that of informal loan (112,345 and 5,963 baht, respectively).

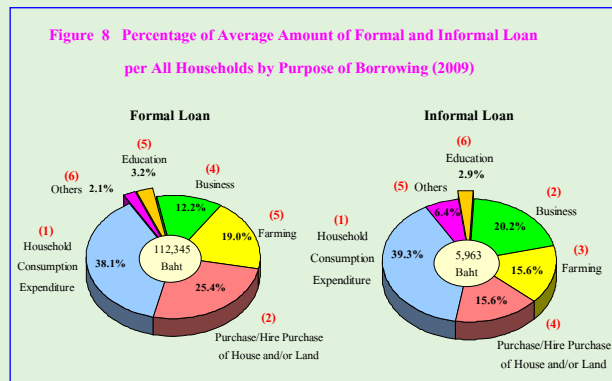


<sup>1/</sup> expenditure for necessary items for daily life, which excluded saving and capital formation expenditures such as purchase or hire-purchase of house and land, etc.

## 2.5 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 (38.1%), followed by the purpose of buying house/land (25.4%). The loan for farming had slightly difference share to that for non-farm business (19.0% and 12.2%, respectively). The loan for education, though, had only small share (3.2%).

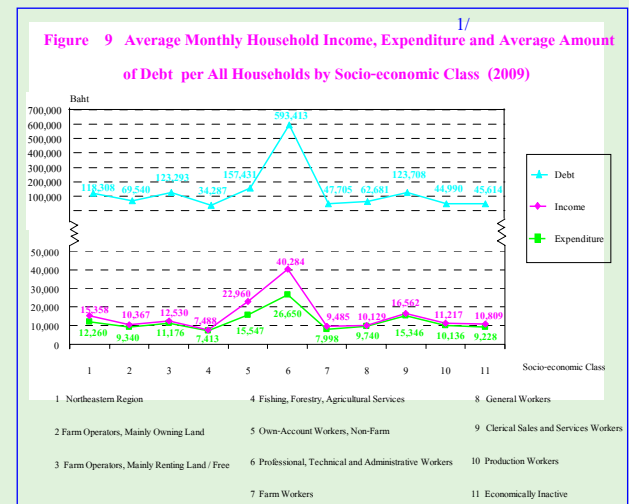
In contrast, household consumption was the main purpose (39.3%) for indebted households with informal loan. The following purposes were for non-farm business (20.2%), for farming which had similar share with for buying-house/land (15.6%). And again, the purpose of education was very small (2.9%).



## 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 most income about 40,284 baht per month, followed by households of operators in non-farm business and households of clerical, sales and services workers (22,960 and 16,562 baht, respectively). The lowest earning approximately 7,488 baht per month was of households of fishing, foresting, and hunting. 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 households of general workers had the ratio of expenditure to income approximately 96.2 percent, resulting in the lowest proportion of their remained money for saving and repaying debt comparing to other occupational groups (which were around 66% - 93%).

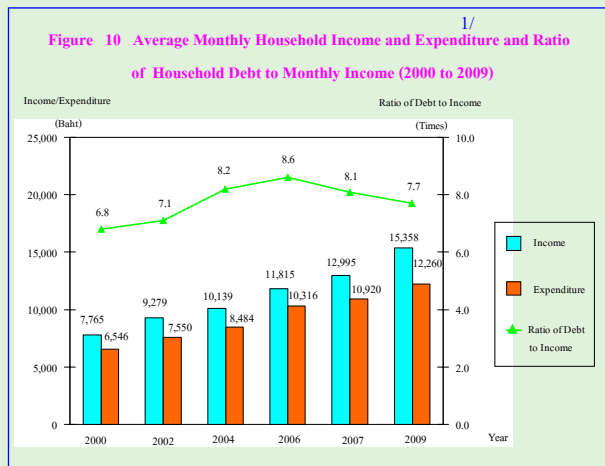


## 2.7 Comparing Income, Expenditure, and Ratio of Debt per Income (2000 to 2009)

During 2000 to 2009, the overall figure showed income higher than expenditure for necessary items for daily life. In addition to this, income has increased from 7,765 baht in 2000 to 15,358 baht in 2009, and expenditure has also continually increased from 6,546 to 12,260 baht. Considering the different between income and expenditure in 2009, it was found that income was higher than expenditure for necessary items for daily life averagely about 3,098 baht per household or approximately 885 baht per capita, which was mainly used to repay debt or for saving purpose.

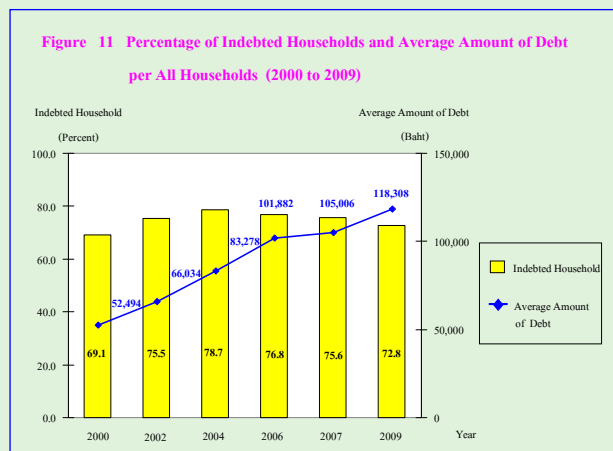
The proportion of debt per income in 2006 was at the highest comparing to other year. However, after that, the figure declined from 8.6 times in 2006 to 7.7 times in 2009.

<sup>1/</sup> 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.



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

It was found that indebted households were continually increased from 2000 to 2004 from 69.1 percent to 78.7 percent, then decreased to 76.8 percent in 2006 and 72.8 percent in 2009. Concerning an average amount of debt, it was found an increasing from 52,494 baht in 2000 to 118,308 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 (8.7%) was higher than that of household expenditure (6.0%). As a result, the proportion of expenditure per income declined from 84.0 percent in 2007 to 79.8 percent in 2009. Concerning household debt, the result showed that while the number of indebted households and the ratio of debt to income decreased (1.9% and 2.5%, respectively), the amount of debt increased from 105,006 to 118,308 baht.

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

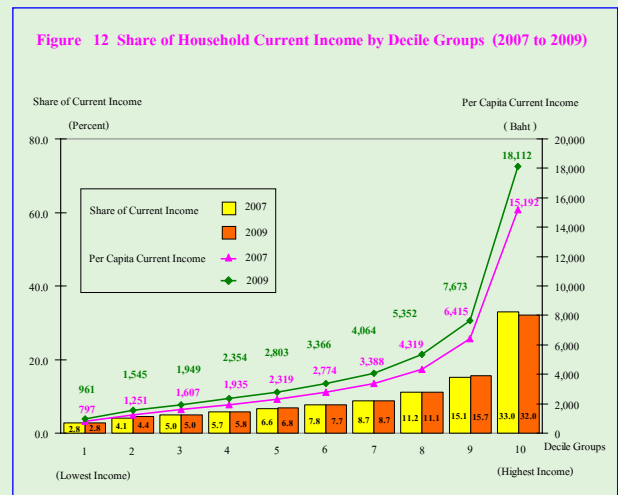
Items	2007	2009	Annual
			percentage changes
			2009/07
Income (Baht)	12,995	15,358	8.7
Expenditure (Baht)	10,920	12,260	6.0
Proportion of Expenditure per Income (Percent)	84.0	79.8	-2.5
Average amount of debt per household (Baht)	105,006	118,308	6.1
Indebted Households (Percent)	75.6	72.8	-1.9
Ratio of Debt to Income (Times)	8.1	7.7	-2.5

## 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 32.0 percent, whereas that of the first group was 2.8 percent. Furthermore, it was found that income inequality had decreased. That is, the percentage share of income of the highest income group fell from 33.0 percent to 32.0 percent. In addition, the result of the Gini coefficient analysis had declined from 0.390 in 2007 to 0.382 in 2009. However, the share of income of the lowest group between 2007 and 2009 remained the same (2.8%).

<sup>1/</sup> 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.

Considering an average monthly income per capita, it was found the increase figure averagely from 3,552 baht in 2007 to 4,244 baht in 2009. For instance, income per capita of the lowest-income group rose from 797 baht in 2007 to 961 baht in 2009, while that of the highest income group decreased from 15,192 to 18,112 baht in 2009 or approximately 18.8 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 19.1 times greater than those of the first group).



	2007	2009
Gini Coefficient (Decile Groups)	0.390	0.382
Per Capita Current Income	3,552	4,244