

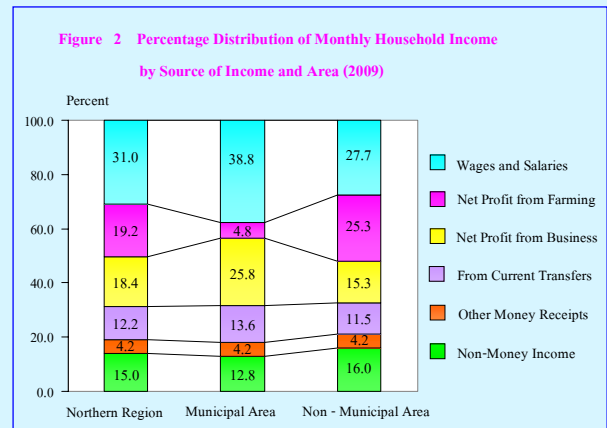
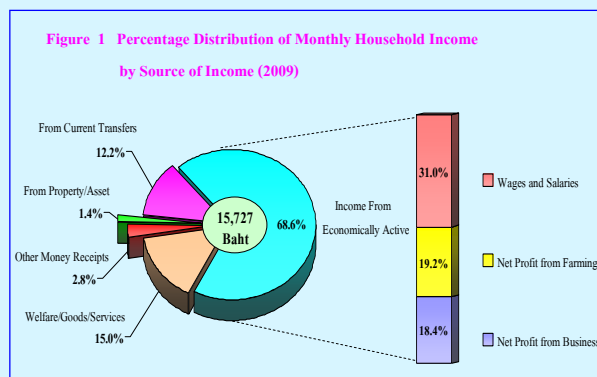
Chapter 2

Major Findings

2.1 Household Income (2009)

The result of the 2009 survey showed that households in the Northern region earned on average 15,727 baht per month. The major source of earnings (68.6%) was from economically activities such as wages and salaries (31.0%), followed by net profit from farming (19.2%), and net profit from non-farm business (18.4%). Main source of income for economically inactive was from assistance from other persons outside the household or from the government (12.2%), followed by income from asset and property rental such as interest receipt (1.4%). Besides, households also earned from non-money income (15.0%).

Concerning by area, it was found that households in municipal area earned on average considerably greater than households in non-municipal area (20,259 and 14,360 baht, respectively). The main sources of household income in municipal area were from wages and salaries and net profit from non-farm business (38.8% and 25.8%, respectively), while households in non-municipal area primarily earned from wages and salaries and net profit from farming (27.7% and 25.3%, respectively).

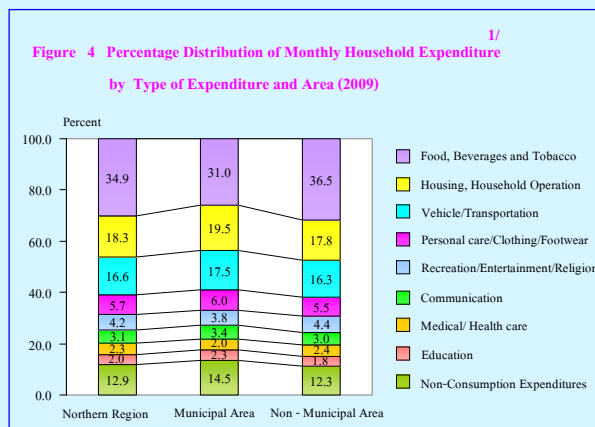
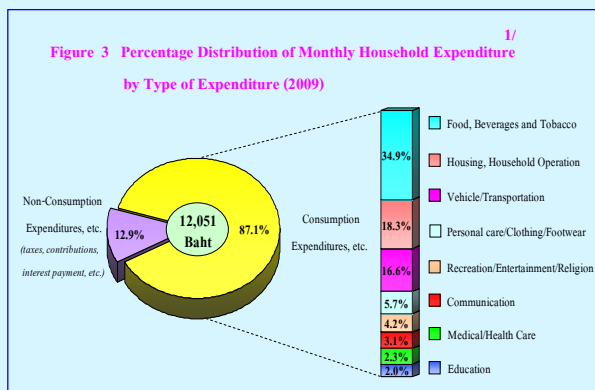


2.2 Household Expenditure (2009)

During the 2009 survey, household in the Northern region spent on average 12,051 baht per month, or approximately 76.6 percent of their income. By this amount, 87.1 percent was spent on household consumption, 34.9 percent of household consumption was spent on food, beverages and tobacco, of which 1.5 percent and 0.6 percent were respectively spent on alcoholic beverages and tobacco. The following were the expense on housing and household operation(18.3%), vehicle and transportation(16.6%), personal supplies/clothing/footwear(5.7%), recreation/entertainment and religion(4.2%), communication (3.1%), medical and health care (2.3%), and education (2.0%). Finally, the rest of 12.9 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 (31.0% and 36.5%, respectively), followed by expenditure on housing and household operation(19.5% and 17.8%, respectively). 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.

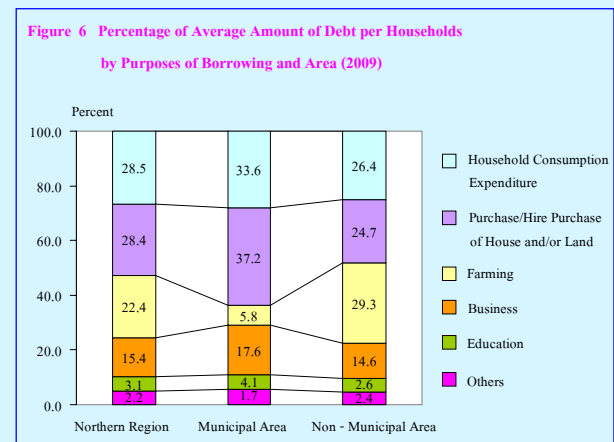
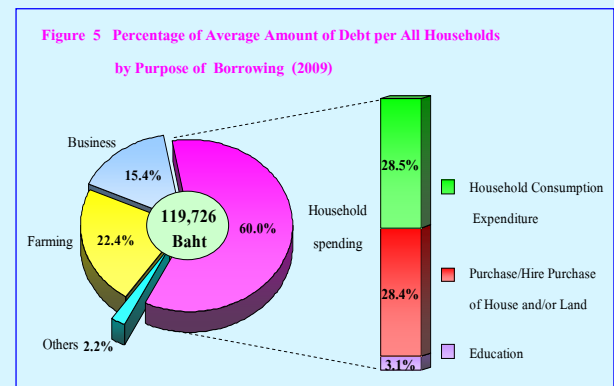


2.3 Household Debt (2009)

During the 2009 survey, over a half of households in the Northern region (62.7%) were indebted, which was 119,726 baht per household or approximately 7.6 times household income. Most of the household debt(60.0%) was for household spending, of this amount 28.5 percent was for the purpose of household consumption, followed by the purpose of purchase/hire purchase of house and land(28.4%), and for education (3.1%). The rest were for agricultural operation and for operation in non-farm business(22.4% and 15.4%, respectively).

Concerning by area, it was noticed that indebted households in municipal area borrowed money for buying or hire-purchasing house and/or land and for household consumption(37.2% and 33.6%, respectively). For indebted households in

non-municipal area, their borrowing purposes were mostly for farm operation and for household consumption(29.3% and 26.4%, respectively).

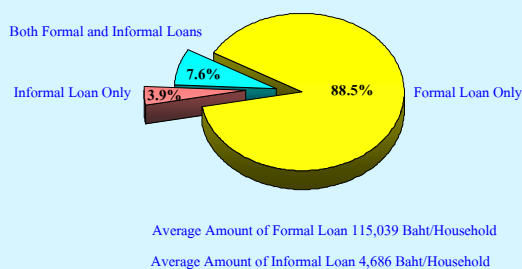


2.4 Indebted Household : Formal and Informal Loans (2009)

The majority of indebted households in Northern region borrowed from formal sector. The share of indebted households with formal loan only was the largest (88.5%), followed by those with both formal and informal loans (7.6%), while those with informal loan only was the least (3.9%). The result also revealed that average amount of formal loan was 25 times higher than that of informal loan (115,039 and 4,686 baht, respectively).

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.

Figure 7 Percentage of Indebted Household and Average Amount of Debt per All Households by Type of Debt (2009)

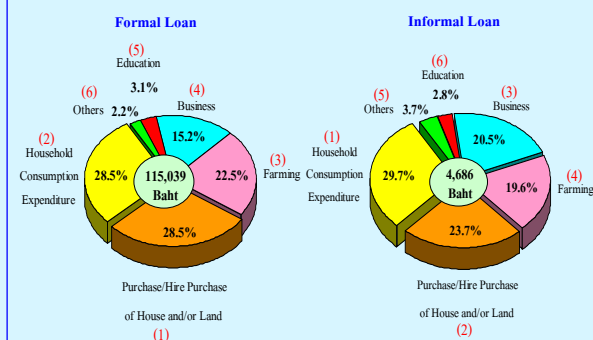


2.5 Formal and Informal Loans by Purpose (2009)

The result of the 2009 survey revealed that the main purpose of indebted households with formal loan were for buying house/land and household consumption, which had similar share (28.5%). The next were the loan for farming and that for non-farm business (22.5% and 15.2%, respectively). The loan for education, though, had only small share (3.1%).

In contrast, household consumption was the main purpose (29.7%) for indebted households with informal loan. The following purposes were for buying house/land, non-farm business, for farming and others (23.7%, 20.5%, 19.6%, and 3.7%, respectively). And again, the purpose of education was very small (2.8%).

Figure 8 Percentage of Average Amount of Formal and Informal Loan per All Households by Purpose of Borrowing (2009)

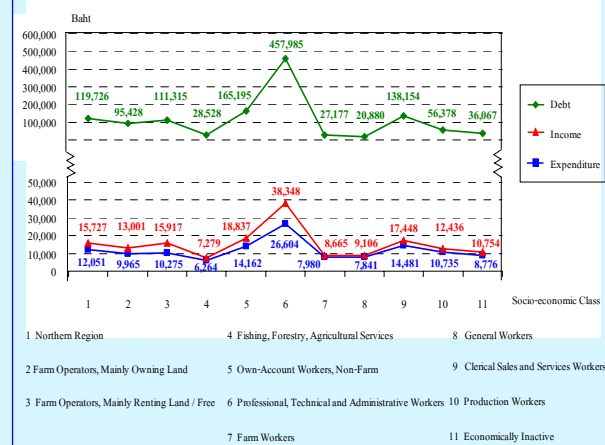


2.6 Comparing Household Income, Household Expenditure and Household Debt by Household Socio-economic Class (by type of occupation) (2009)

Concerning by type of occupation, it was found that households of employed professional, technical and executive workers earned the highest average income about 38,348 baht per month, followed by households of operators in non-farm business and households of clerical, sale and services workers (18,837 and 17,448 baht, respectively). The lowest earning approximately 7,279 baht per month was found in households of fishing, forestry, 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 farm workers had the ratio of expenditure to income approximately 92.1 percent, resulting in the lowest proportion of their remained money for saving and debt payment comparing to other occupational groups (which were around 69% - 87%).

Figure 9 Average Monthly Household Income, Expenditure and Average Amount of Debt per All Households by Socio-economic Class (2009)

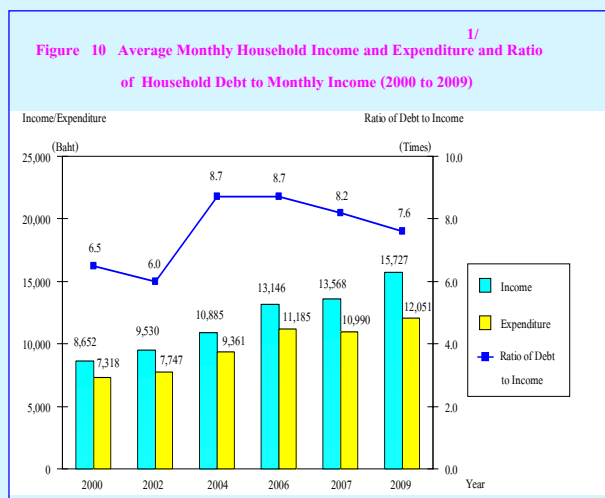


^{1/} expenditure for necessary items for daily life, which excluded saving and capital formation expenditures such as purchase or hire-purchase of house and land, etc.

2.7 Comparing Income, Expenditure, and Ratio of Debt per Income (2000 to 2009)^{1/}

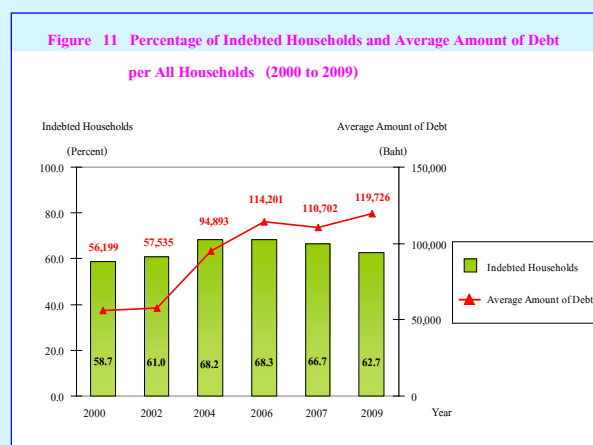
During 2000 to 2009, the overall figure showed that income was higher than expenditure for necessary items for daily life. In addition to this, income had increased from 8,652 baht in 2000 to 15,727 baht in 2009, while expenditure had increased from 7,318 baht in 2000 to 11,185 baht in 2006, but it showed a decreasing trend in 2007 probably due to the economic crisis. Then it started to increase in 2009 to 12,051 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 3,676 baht per household or approximately 1,186 baht per capita, which was mainly used to repay debt.

Concerning the proportion of debt per income, it was found that the figures in 2004 and 2006 were at the highest comparing to other years (8.7 times). However, the figure declined to 8.2 and 7.6 times in 2007 and 2009, respectively.



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

From 2000 to 2006, indebted households increased from 58.7 percent to 68.3 percent, then decreased in 2007 and 2009 to 66.7 and 62.7 percent, respectively. The rise of average amount of debt was found from 56,199 baht in 2000 to 114,201 baht in 2006, then decreased to 110,702 baht in 2007 and increased to 119,726 baht in 2009.



2.9 Comparing Changes of Household Income, Household Expenditure and Household Debt (2007 to 2009)^{1/}

By comparing the annual change rates of household income, household expenditure, and household debt, the survey result suggested that household income and expenditure increased. By this, the increasing rate of household income (7.7%) was higher than that of household expenditure (4.7%). As a result, the proportion of expenditure per income declined from 81.0 percent in 2007 to 76.6 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 3.7%, respectively), the amount of debt increased from 110,702 to 119,726 baht.

^{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.

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

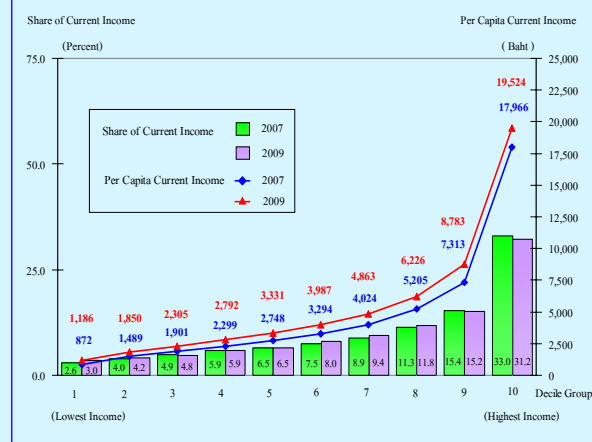
Items	2007	2009	Annual percentage changes
			2009/07
Income (Baht)	13,568	15,727	7.7
Expenditure ^{1/} (Baht)	10,990	12,051	4.7
Proportion of Expenditure per Income (Percent)	81.0	76.6	-2.8
Average amount of debt per household (Baht)	110,702	119,726	4.0
Indebted Households (Percent)	66.7	62.7	-3.0
Ratio of Debt to Income (Times)	8.2	7.6	-3.7

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 31.2 percent, whereas that of the first group was 3.0 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 in 2007 to 31.2 percent in 2009. In addition, the result of the Gini Coefficient analysis had declined from 0.396 in 2007 to 0.378 in 2009. However, the welfare of the lowest group was improved since the share of income increased from 2.6 percent in 2007 to 3.0 percent in 2009.

Considering an average monthly income per capita, it was found the increase figure averagely from 4,210 baht in 2007 to 4,977 baht in 2009. For instance, income per capita of the lowest income group rose from 872 baht in 2007 to 1,186 baht in 2009, while that of the highest income group increased from 17,966 to 19,524 baht in 2009 or approximately 16.5 times the first group. As a result, the gap between the poor (the first group) and the rich (the tenth group) in 2009 was narrowed comparing to the year 2007 (in the 2007 survey, income per capita of the tenth group was 20.6 times greater than those of the first group).

Figure 12 Share of Household Current Income by Decile Groups (2007 to 2009)



	2007	2009
Gini Coefficient (Decile Groups)	0.396	0.378
Per Capita Current Income	4,210	4,977