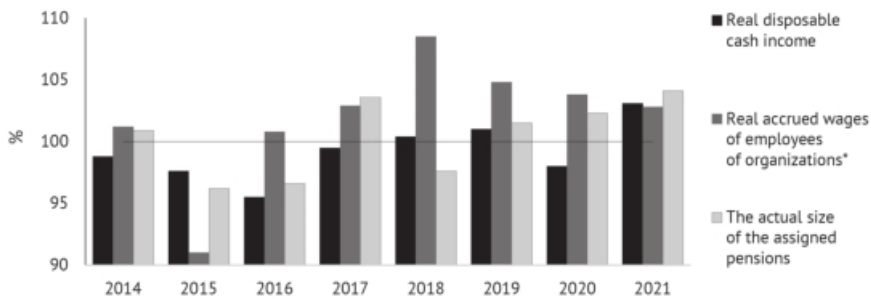


5.1. Personal income and the poverty rate in Russia in 2021¹

5.1.1. The movement of personal income and its components

In 2021, real disposable personal money income and real allotted pension increased relative to the previous year by 3.1% and 4.1%, respectively (*Fig. 1*).

Over January–November 2021, real charged wages and salaries of employees of organizations amounted to 102.8% of the corresponding index for the same period in 2020.



Note. Data on real wages and salaries in 2021 are for the period from January through November 2021; data on real allotted pensions in 2021 are adjusted for the one-time payment of Rb10,000 in September 2021 in compliance with Executive Order No. 486 dated August 24, 2021 of the President of the Russian Federation.

Fig. 1. The movement patterns of real disposable personal money income, real charged wages and salaries, and real allotted pension over the period 2014–2021, as % relative to the previous year

Source: Rosstat.

¹ This section was written by *Grishina E.E.*, Candidate of Economic Sciences, Leading Researcher, Head of the Living Standards and Social Protection Department, INSAP, RANEPa.

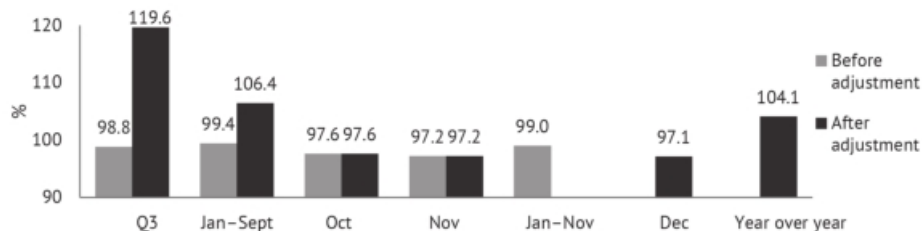


Fig. 2. The monthly movement pattern of real allotted pension throughout 2021, as % relative to the corresponding period in 2020

Source: Rosstat.

It should be noted that, according to data released by Rosstat, the amount of real allotted pension over January–November was 99.0% relative to the same period in 2020 (*Fig. 2*). However, after it was adjusted in Q3 by the one-time cash payment to pensioners of Rb10,000 in September 2021 in compliance with Executive Order No. 486 of the President of the Russian Federation dated August 24, 2021, the total index of real allotted pension for Q3 increased from 98,8% to 119,6%, translating into an annual growth of 4.1% in the real amount of allotted pension relative to 2020.

In 2021, the total index of personal money income in real terms gained 3.4% on 2020, and that of wages and salaries of employees, 3.5% (*Fig. 3*). Due in the main to the low base effect, real income from entrepreneurial activity increased significantly (+17.3%), as did the real money income from all the other sources (+9.6%), including, among other things, the incomes resulting from tax avoidance through illegal cash-out. Property income shrank in real terms by 7.3%. At the

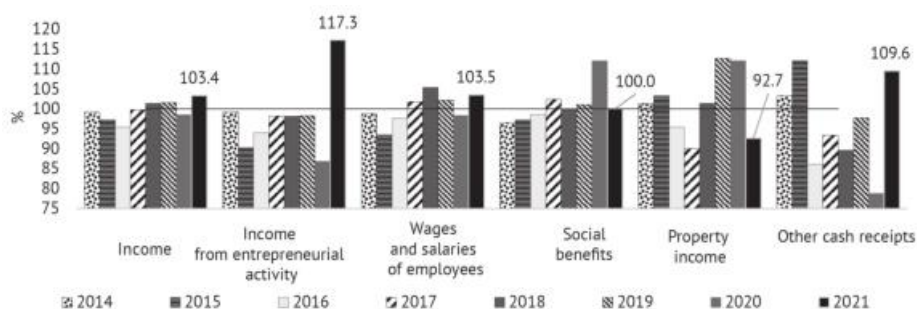


Fig. 3. The movement pattern of total personal money income and its components in real terms, over the period 2014–2021, as % relative to the previous year

Source: Own calculations based on data released by Rosstat.

same time, social benefits in real terms did not change on the previous year, amounting to 112.1% relative to the 2019 level due to the significant lump-sum cash benefits paid in August - September 2021 to families with children aged 6 to 18 years, pensioners, and law enforcement officers, in a total amount of more than Rb600 bn.

It is important to note that in Rosstat's statistics indicators released in December, the data on the total personal money income and its components for 2020 and 2021 were significantly adjusted (*Table 1*). Thus, for example, the adjusted property income data for January-September 2020 increased by Rb580 bn; the wages and salaries of those employed by entities other than organizations declined by Rb632 bn; and the wages and salaries of employees of organizations jumped by Rb484 bn (meanwhile over January-September 2020, the average monthly charged wages and salaries of employees of organizations in nominal terms did not change, amounting to Rb49,426). As a result, over January-September 2021, the volume of wages and salaries of those employed by entities other than organizations gained 10.4% relative to the same period of 2020, while before the adjustment it lost 0.9%.

Table 1

**Total personal money income and its components,
January-September 2020–2021**

	Jan-Sept 2020, Rb bn			Jan-Sept 2021, Rb bn			Jan-Sept 2021 Jan-Sept 2020, %, adjusted by CPI	
	before adjustment	after adjustment	difference	before adjustment	after adjustment	difference	before adjustment	after adjustment
Money income, total	43,948	44,250	+302	48,695	48,992	+297	104.4	104.3
<i>Including:</i>								
- business income	2,240	2,285	+45	2,840	2,893	+53	119.5	119.3
- wages and salaries	26,330	26,182	-148	29,265	28,986	-279	104.7	104.3
- wages and salaries of employees of organizations	18,984	19,468	+484	21,538	21,116	-422	106.9	102.2
- wages and salaries of other employees	7,346	6,714	-632	7,727	7,870	+143	99.1	110.4
- social benefits	9,655	9,743	+88	10 469	10,603	+134	102.2	102.5
- property income	1,804	2,384	+580	1 848	2,268	+420	96.5	89.6
- other cash receipts	3,920	3,656	-264	4,274	4,242	-31	102.7	109.3

Source: Rosstat.

The adjusted annual data demonstrate that in 2021, the wages and salaries of employees of organizations increased in real terms by 2.4% relative to 2020; and the wages and salaries of those employed by entities other than organizations, by 6.7% (*Fig. 4*).



Fig. 4. The movement pattern of wages and salaries of employees in real terms over 2019–2021, as % relative to the previous year

Source: Rosstat.

In 2021, growth of real personal money income occurred alongside an increasing relative share of household income spent on goods and services (from 75.6% in 2020 to 80.3% in 2021) and an increasing growth of savings (from 4.4% to 5.8%) (*Table 2*).

Table 2

The structure of household spending in 2013–2021, %

	Goods and services	Mandatory payments, fees and other expenditures	Personal savings growth (+), decline (-)	Cash-on-hand growth (+), decline (-)
2013	80.8	14.8	3.8	0.6
2014	82.0	15.3	0.3	2.4
2015	77.2	13.7	10.1	-1.0
2016	77.5	13.8	6.6	2.1
2017	79.1	14.1	4.6	2.2
2018	80.8	15.0	1.7	2.5
2019	80.8	15.3	3.4	0.5
2020	75.6	15.3	4.4	4.5
2021	80.3	15.3	5.8	0.9

Source: Rosstat.

5.1.2. The movement patterns of subjective poverty and monetary poverty, and income inequality

In 2021, some significant changes were introduced in the statistics principles defining the monetary poverty line. From January 2021 onwards, the subsistence minimum has been calculated for an entire year, and not based on the consumer basket, but as a share (44.2%) of the median personal income for the year before last.¹ However, as early as November 2021, the President of the Russian Federation noted that in accordance with the new methodology applied in determining the subsistence minimum, in 2022 its level was going to gain only 2.5% in nominal terms, which is significantly below the average annual inflation rate for 2021, and

1 Federal Law No. 134-FZ dated October 24, 1997 “On the subsistence minimum in the Russian Federation”, as amended by Federal Law No. 473-FZ dated December 29, 2020.

so he suggested that the subsistence minimum should be raised by 8.6%. As a result, the subsistence minimum for 2022 was set at Rb12,654 instead of Rb11,950 (or 44.2% of the median income for 2020). At the same time, in November 2021, RF Government Decree No. 2049 dated November 26, 2021 introduced the concepts of “poverty line” and “poverty level” and set forth the methodology for calculating the poverty level.

Now, in accordance with RF Government Decree No. 2049, the poverty rate is defined as the proportion of the population whose money incomes are below the poverty line. So, in November 2021, it was decided that from January 2021 onwards, the poverty level would be monitored based on the poverty line, while the subsistence minimum would be applied only in calculating the amount of social benefits.

Since in H1 2021 real personal money income gained only 1.6% on 2020, the monetary poverty level over that period remained practically unchanged relative to 2020 (*Table 3*). However, under the influence of the significant increase, in Q3 2021, of real disposable money income (+8.8% relative to 2020), primarily caused by the lump sum payments to families with children, pensioners and law enforcement officers in August-September 2021, the monetary poverty level declined from 13.3% in January-September 2020 to 12.1% in January-September 2021.

Table 3

The population share with the average per capita money income below the subsistence minimum/poverty line, 2018–2021, %

		H1	Jan-Sept	Year
Subsistence minimum based on consumer basket defined in accordance with Federal Law No. 134-FZ of October 24, 1997 (as amended on April 1, 2019)	2018	13.3	13.0	12.6
	2019	13.5	13.1	12.3
	2020	13.2	13.3	12.1
Subsistence minimum based on median income defined in accordance with Federal Law No. 134-FZ dated October 24, 1997 (as amended on December 29, 2020)	2021	13.1	—	—
Poverty line based on RF Government Decree No. 2049 dated November 26, 2021	2021	13.2	12.1	—

Source: On the personal money income to subsistence minimum ratio and the number of poor people /Rosstat. URL: https://gks.ru/bgd/free/B09_03/Main.htm

In 2021, the subjective personal poverty line defined as the population proportion of those who assess the financial situation of their family to be “poor” or “very poor” dropped by 2.8 p.p. relative to the previous year, thus amounting to 24.5%, which is its record low since 2000 (*Fig. 5*).

The personal income inequality level over January-September 2021 increased after having dropped in 2020, thus returning to that of January-September 2019 (*Fig. 6*).

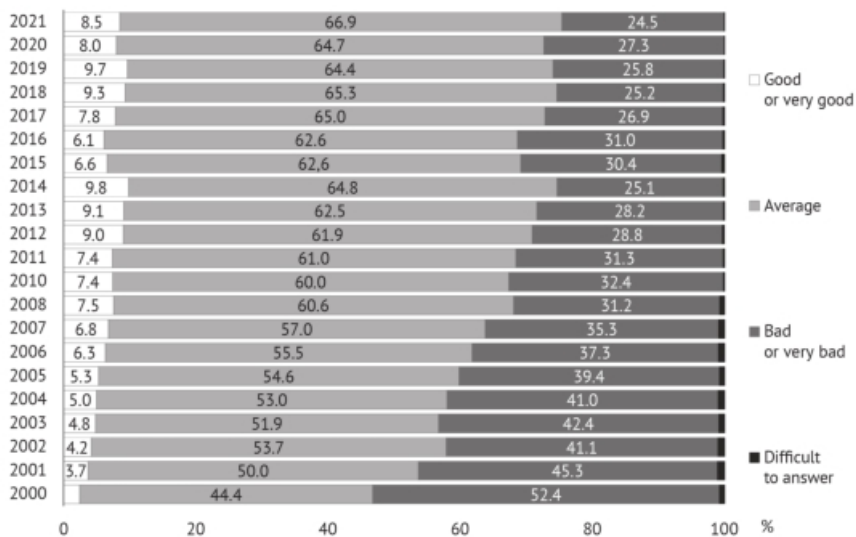


Fig. 5. Public opinion polls on the current financial situation over the period 2000–2021, %

Source: Rosstat.

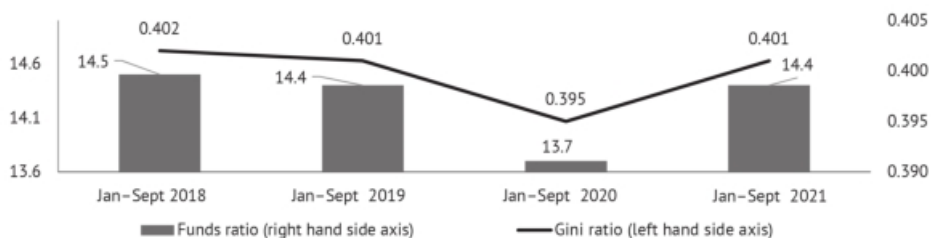


Fig. 6. The Gini and funds ratios, January - September 2018–2021

Source: Report on the socio-economic situation in Russia. Rosstat. URL: <https://rosstat.gov.ru/compendium/document/50801>.