

## THE LIVING STANDARDS OF THE POPULATION OF THE RF IN JANUARY–APRIL 2014

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*In the period January–April 2014, the RF population's real disposable income amounted to 98.8% vis-à-vis the same period of 2013. Due to the implementation of measures designed to raise the salary level in the budget-funded sphere in accordance with the President of the Russian Federation's Executive Order of 7 May 2012, No 597 'On Measures Aimed at the Implementation of Government Social Policy', the highest growth rate continued to be displayed by salaries in the spheres of education, healthcare and social services. In Q1 2014 Russia's income inequality index dropped slightly on Q1 2013.*

**The RF population's incomes.** The nominal per capita index of the population's money income in April 2014 amounted to Rb 28,320, which represented a 8.9% rise on April 2013. The nominal per capita money income increased on March 2014 by 15.8%.

The population's real disposable money income<sup>1</sup> in April 2014 increased by 1.9% on April 2013, and by 16.3% on March 2014.

In Q1 2014, the RF population's real disposable money income dropped by 2.5% vis-à-vis Q1 2013. Although April saw a rise in this type of income, its growth did not reverse the general situation, which meant that in the period January–April 2014 the RF population's real disposable money income amounted to 98.8% of its level in the same period of 2013. It should be noted that, in the period January–April 2013, the RF population's real disposable money income showed a 6.3% rise on the same period of 2012.

The average monthly charged wage in April 2014 amounted to Rb 32,115, or 108.2% of its April 2013 index (or 102% of its March 2014 index). During the period January–April 2014, the average monthly charged wage increased by 10.3% on the same period of 2013.

In April 2014, the real average monthly charged wage rose by 1.1% vis-à-vis March 2014. In comparison to the same period of 2013, the real average monthly charged wage increased by 0.8%. During the period January–April 2014, the real average monthly charged wage increased by 3.4% on the same period of the previous year.

The salary raise in the budget-funded sphere resulted in a situation where, in 2013, the salary index in the public education and healthcare sectors was growing at an accelerated rate by comparison with its counterparts in other sectors. In comparison to Q1 2013, the overall increase, in Q1 2014, of the average monthly charged wage index (less social benefits) amounted to 115.5% in the public education sector and to 121% in the public healthcare and social welfare sectors.

<sup>1</sup> The amount of income cleared of mandatory payments and deductions and adjusted by the Consumer Price Index.

Table 1

### CHANGES IN THE REAL DISPOSABLE MONEY INCOME, %

	As percentage of	
	corresponding period of previous year	previous period
2013		
January	100.4	49.2
February	105.7	132.1
March	109.6	103.7
Q1	105.6	76.1
April	108.1	106.2
January–April	106.3	
Q2	103.2	113.2
May	99.7	86.9
June	101.8	115.5
1st half-year	104.3	
July	104.1	95.0
August	103.6	101.9
September	99.9	96.0
Q3	102.5	99.4
January–September	103.7	
October	105.1	105.3
November	101.0	103.2
December	102.1	141.0
Q 4	102.6	119.9
Year	103.2	
2014		
January	99.5	48.1
February	100.5	133.6
March	93.0	96.0
Q1	97.5	72.6
April	101.9	116.3
January–April	98.8	

Source: data released by Rosstat.

In March 2014, the continuing rapid growth of these indexes pushed up the sectoral-to-national salary ratio in the following three sectors:

- in the public education sector – to 79%,

## CHANGES IN THE AVERAGE MONTHLY CHARGED WAGE, %

	Average monthly charged wage per worker			
	Nominal		Real	
	on corresponding pe- riod of previous year	on previous period	on corresponding pe- riod of previous year	on previous period
2013				
January	112.9	73.4	105.4	72.7
February	110.8	99.6	103.3	99.0
March	112.5	107.9	105.1	107.5
Q 1	111.9	90.4	104.5	88.7
April	116.4	104.7	108.5	104.2
January–April	113.0		105.5	
May	112.4	99.0	104.7	98.4
June	112.6	104.3	105.3	103.9
Q 2	113.8	110.6	106.2	109.0
1st half-year	112.9		105.4	
July	113.3	97.6	106.4	96.8
August	113.7	96.9	106.8	96.8
September	112.8	100.4	106.3	100.2
Q 3	113.2	97.8	106.4	96.4
January–September	113.0		105.7	
October	112.0	102.5	105.4	101.9
November	110.9	101.4	104.1	100.8
December	109.3	130.9	102.7	130.2
Q 4	110.6	113.2	103.9	111.7
Year	112.4		105.3	
2014				
January	111.6	74.7	105.2	74.3
February	111.1	99.1	104.6	98.4
March	111.0	108.0	103.8	106.9
Q 1	111.1	90.3	104.4	88.6
April	108.2	102.0	100.8	101.1
January–April	110.3		103.4	

Source: data released by Rosstat.

- in the public healthcare and social welfare sectors – to 84%.

As of the end of Q1 2014, the salary levels of those categories of employees in the budget-funded sphere, the targets for which were set by the RF President's Executive Order of 7 May 2012, No 597 'On Measures Aimed at the Implementation of Government Social Policy' were geared as follows to the average monthly wage index in a RF subject:

in the public education sector: 76.8% for tutors employed at educational establishments providing extracurricular education to children,<sup>1</sup> 92.8% for tutors employed at pre-school educational establishments<sup>2</sup>, 99.1% for teachers employed at secondary schools and

other general-education establishments, and 127.1% for the faculty members of a higher (professional) educational establishment;

in the public healthcare sector: 49.5% for nursing staff, 141.2% for physicians and other healthcare practitioners with higher education diplomas, employed at medical institutions and providing medical care services to the population.

By the RF President's Executive Order of 7 May 2012, No 597 'On Measures Aimed at the Implementation of Government Social Policy' for 2012 it is established that in that year the average salary level of secondary school teachers and the tutorial staff of other general-education establishments should be raised to match the average salary for a given region's economy. In Q1 2014, this aim was almost achieved (the salary level of this category of employees amounted to 99.1% of the average monthly wage index in a RF subject).

1 As a percentage of the average monthly salary of secondary school teachers in a RF subject.

2 As a percentage of the average monthly salary in the general education sphere in a RF subject.

However, it should be said that the target set by the President was reached solely due to the fact that the average salary of teachers employed at federal and regional general-education establishments amounted to 153.2% and 143.5%, respectively, of the average wage in a RF subject, while the average salary of teachers employed at municipal educational establishments remained well below the average wage in a RF subject, amounting to 89.5% of the latter.

By the RF President's Executive Order of 7 May 2012, No 597 'On Measures Aimed at the Implementation of Government Social Policy' it was established that in the year 2013 the average salary of tutors employed at pre-school educational establishments should be raised to match the average salary level in the general education sphere of each region. This target set by the President was almost reached by the end of 2013: in 2013, the average salary of tutors employed at pre-school educational establishments amounted to 94.9% of the average salary level in the general education sphere of each given region. However, in Q1 2014 the situation worsened – in Q1 2014 the average salary of tutors employed at pre-school educational establishments amounted to just 92.8% of the average salary level in the general education sphere of each region.

From 1 February 2014, labor pension indexation was carried out in order to adjust the pension size to the inflation rate. Labor pensions were increased by 6.5%. From 1 April 2014 onwards social pensions of more than 2.9 million pensioners were increased by 17.1%. Also from 1 April 2014 onwards, monthly payments to some categories of RF citizens<sup>1</sup> were increased by 5%.

<sup>1</sup> Veterans, disabled persons, persons suffering from the effects of nuclear radiation, Heroes of the Soviet Union, Heroes of Socialist Labor, etc.

This increase in payments was applied to 16.2 million persons.

As a consequence of the aforesaid rise in social pensions, the following payments increased with effect from 1 April 2014 onwards: pensions provided under the State Pension Security law, additional monthly material support and the other social payments based on the amount of a social pension.

From 1 April 2014, labor pensions were adjusted upward by 1.7% per pensioner. This increase in pensions was made possible by the corresponding rise in the RF Pension Fund's revenues in 2013.

According to the Pension Fund of the Russian Federation, as a result of the aforementioned measures, from 1 April 2014 onwards, the average old-age labor pension should amount to Rb 11,600, while the average social pension should amount to about Rb 7,500.

**Socioeconomic differentiation.** According to preliminary data, over the course of Q1 2014, Russia's income inequality indices slightly dropped on the same period of 2013:

- the Gini coefficient dwindled from 0.404 to 0.401;
- the ratio of the average income of the richest 10% to the poorest 10% (R/P 10%) declined from 14.7 to 15.4.

The decline in the income inequality indices was caused by the 0.2 p.p. drop in the share of the fifth quintile (highest incomes) and the growth in the shares of the first and third quintiles in the aggregate volume of the RF population's money income.

In Q1 2014, the share of the richest 10% declined to 29.5% of the aggregate volume of the RF population's money income (vs. 29.7% in Q1 2013). The share of the poorest 10% rose to 2.1% of the aggregate volume of the RF population's money income (vs. 2.0% in Q1 2013). ●