

# Poverty Lines in Russia

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## 1. Introduction

In this chapter, we investigate the poverty lines in Russia that were established after the collapse of the U.S.S.R. In Russia, a relative poverty line has not been used. Therefore, in this chapter, we will discuss the absolute poverty line in Russia that is regarded as the subsistence minimum. First, we will take a brief look at the minimum consumption basket in the Soviet period. The value of the minimum consumption basket was considered to be the poverty line at that time, although it was never specifically stipulated during that period. In Section 3, we will review the measurement methodology of subsistence minimum in Russia that was established during the first period of transition from planned to market economy. In Section 4, we will investigate a revised methodology for measuring subsistence minimum and point out the distinguishing features of the revised methodology. In Section 5, we will document the structure of subsistence minimum based on the revised methodology, focusing on its regional peculiarities.

## 2. Minimum consumption basket in the Soviet period

During the Soviet period, the authorities of the U.S.S.R did not acknowledge the existence of poverty in the country. However, in the early 1960s, i.e. during the Khrushchev period, some academic groups initiated a study on the minimum consumption basket (minimum consumption budget) (Klugman and Braithwaite 1997, pp. 12–14). The minimum consumption basket consisted of both food and non-food components, each estimated separately. The food allowance was set to an idealistic level, so that it was generous rather than minimum for basic needs.

Although no legislation on a minimum consumption basket was introduced during the Soviet period, authorities such as the State Committee of Labour began to use the concept of the minimum consumption basket for the provision of social allowances. In 1975, for example, a child allowance for lower income families began being provided, and this alluded to the concept of the minimum consumption basket.

The first official subsistence minimum, that is, an official poverty line was published in 1988, and was set at 78 rubles per capita per month. The subsistence minimum was composed of expenditures on food, non-food goods and services, and taxes and other payments. According to Institute for Socioeconomic Studies of the Population, food share in the official subsistence minimum for 1989–91 was 52%, while the share of non-food goods and services was 37.5%, and that of taxes and other payments was 10.5% (Rimashevskaya 1997, p. 123). Several calculations were made on the basis of the prices paid at state retail and collective farm markets. The authorities provided social allowances, referring to a lower poverty line. Taking a higher subsistence minimum as a threshold of poverty (84 rubles per capita per month), the poverty ratio for 1988 was 10.6% in Russia (Braithwaite 1997, p. 34).

### 3. Introduction of the measurement methodology of subsistence minimum in Russia: The 1992 Methodology

During the transition from a planned to a market economy, a new methodology of subsistence minimum was needed in Russia. Following Presidential Decree No. 210, dated 2 March 1992 “On the system of minimum subsistence budget of the population of Russian Federation”, a committee was launched under the Ministry of Labour and Social Development (currently, the Ministry of Health and Social Development) in order to elaborate the norm of minimum consumption and develop a methodology for the calculation of subsistence minimum, not only at the national but also the regional level in the Russian context of transition. On 10 November 1992, the Ministry of Labour approved “Methodological Recommendation for Calculating Subsistence Minimum by Region of Russian Federation” (hereafter, **the 1992 methodology**).

In the 1992 methodology, subsistence minimum was defined as an indicator of the amount and structure of the minimum consumption of the most important goods and services needed to maintain the vital activity and physical condition of an individual. Thus, the subsistence minimum in Russia has been calculated on the basis of the Cost of Basic Needs method (CBN method), the international standard for calculating poverty lines. Legislations on the subsistence minimum and the consumption basket have changed in Russia several times since 1992, but the subsistence minimum has continued to be calculated using the CBN method.

The value of the subsistence minimum was defined as the amount of the minimum consumption basket. Based on the consumption structure of lower income families, the amount of the consumption basket was calculated as the sum of the estimated value of the food basket and the minimum non-food goods and services, plus taxes and other compulsory payments. In principle, the value of the minimum food basket was estimated using the average retail price of each foodstuff listed in the Household Budget Survey (HBS) by the Russian Federal State Statistics Service (Rosstat). In the 1992 methodological recommendation by the Ministry of Labour, the share of food in the subsistence minimum was 68.3%; non-food goods was 19.1%; services were 7.4%; and taxes and other compulsory payments were 5.2% (*Table 4.1*, Column 1).

**Table 4.1. Structure of subsistence minimums in Russia based on the 1992 methodology (%)**

	By socio-demographic group				
	Total population	Working population	Pensioners	Children	
				0–6 years old	7–15 years old
Food	68.3	61.6	82.9	74.5	73.4
Non-food	26.5	30.3	17.1	25.5	26.6
Non-food goods	19.1	21.4	10	18.9	19.8
Services	7.4	8.9	7.1	6.6	6.8
Tax and other payments	5.2	8.1	—	—	—
Total	100	100	100	100	100

*Source:* Методологические рекомендации по расчетам прожиточного минимума по регионам Российской Федерации (утвержденные Министерством труда РФ 10.11.92)

Foodstuffs within the minimum food basket were classified into 11 categories: (1) grains, (2) potatoes, (3) vegetables, (4) fruits and berries, (5) meat, (6) dairy products, (7) fish, (8) eggs, (9) sugar and confections, (10) butter and margarine, and (11) other foods. On the basis of the minimum food consumption, the foodstuffs in the basket were selected by the Institute of Nutrition, Russian Academy of Medical Science and the Institute of Social and Economic Studies of Population, Russian Academy of Science as well as the Ministry of Labour, with the support of specialists from abroad. The caloric intake of the food basket was set at 2,236.7 kcal, which was in accordance with recommendations by FAO/WHO/UNU. Thus, the minimum food basket established in Russia also met international standards.

The minimum food basket for socio-demographic groups was set, taking into consideration the differences in the needs of the individual groups: adult males (16–59 years old); adult females (16–54 years old); pensioners (over 60 years old if male and over 55 years old if female); and children (0–6 years old and 7–15 years old). Moreover, the minimum food basket was set by region, taking into consideration regional peculiarities such as climate, economic development and food traditions. Russia was categorized into 8 zones (Appendix 1), and these were elaborated by the Central Research Institute of Economy under the Ministry of Economy. The lowest caloric intake was set at 2,204.2 kcal per capita for Zone II, while the highest was set at 2,607.0 kcal per capita for Zone VIII (*Table 4.2*).

**Table 4.2. Food bundles within the subsistence minimum by zone based on the 1992 methodology**

(kg per capita per year)

Food bundles	Zone							
	I	II	III	IV	V	VI	VII	VIII
Grains	137.2	124.4	128.2	124.4	130.8	134.6	135.9	141.1
Potatoes	79.3	101.7	126.6	124.2	132.6	134.8	132.5	106.5
Vegetables	97.4	126.5	98.3	101.7	86.3	83.7	85.5	90.6
Fruits and berries	22.7	25.6	19.4	20.3	20.3	15.6	17.0	21.3
Sugar and confections	20.0	20.0	20.0	20.0	21.4	21.4	21.4	23.7
Meat	25.5	23.9	24.5	26.1	26.6	27.1	27.7	32.5
Fish	6.2	14.0	11.7	11.7	10.9	10.9	12.1	17.9
Milk and dairy products	162.6	165.9	210.4	208.5	217.0	221.6	222.9	268.1
Eggs	120.0	142.2	152.0	151.4	154.5	154.5	156.3	158.8
Butter and margarine	7.6	8.5	9.8	10.0	10.0	10.1	10.7	11.8
Caloric intake, kcal	2222.4	2204.2	2331.0	2306.4	2389.2	2429.4	2458.9	2607.0

Source: Госкомстат России (1996, С. 87–88).

Although the non-food basket was not defined using the 1992 methodology, the share of non-food goods and services in the subsistence minimum was calculated on the basis of the actual consumption structure of the families whose consumption was at the lower 10% level of the consumption in the whole country. The structures of the subsistence minimum by socio-demographic group and by region are shown in *Table 4.1* (Columns 2–5) and *4.3*, respectively.

**Table 4.3. Structure of the subsistence minimum by zone based on the 1992 methodology (%)**

	Zone							
	I	II	III	IV	V	VI	VII	VIII
Food	68.4	69.1	69.8	68.9	69.1	67.4	66.4	66.5
Non-food	27.6	27.7	25.6	26.5	26.1	27.2	27	26.8
Goods	19.6	19.4	18.2	19.2	18.9	19.7	19.4	19.0
Services	8	8.3	7.4	7.3	7.2	7.5	7.6	7.8
Tax and other payments	4	3.2	4.6	4.6	4.8	5.4	6.2	6.7
Total	100	100	100	100	100	100	100	100

*Source:* Методологические рекомендации по расчетам прожиточного минимума по регионам Российской Федерации (утвержденные Министерством труда РФ 10.11.92)

#### 4. Revisions of the measurement methodology of subsistence minimum in Russia: The 2000 Methodology

The 1992 methodology was used until the fourth quarter of 1999, but in accordance with federal law N 134-FZ “On the subsistence minimum in the Russian Federation” adopted on 24 October 1997, a new methodology for calculating the subsistence minimum was set in 2000. In contrast with the 1992 presidential decree, the 1997 federal law on the subsistence minimum determined that: (1) the consumption basket was to be reviewed at least once every five years; (2) the consumption basket at the regional level was to be defined by the legislations of the local authorities, while that at national level, by federal laws; and (3) the differences in climate and regional peculiarities were to be considered for the calculation of the consumption of not only foods but also non-foods. In accordance with the 1997 federal law on the subsistence minimum, a more methodological recommendation on the subsistence minimum was established<sup>47</sup>, and the federal law N 201-FZ “On the consumption basket in Russia as a whole” was put in force on 20 October 1999. Thus, since the first quarter of 2000, the subsistence minimum has been calculated on the basis of the above legislations (hereafter, **the 2000 methodology**).

As already mentioned, the features of the 2000 methodology were seen in the non-food basket, which was newly introduced, and the setting of the regional groups for the non-food basket. In comparison with the 1992 methodology, the expenditures on non-food goods and services were set at a higher level. As a result, the value of the consumption basket, that is, the subsistence minimum was set higher on the basis of the 2000 methodology than that of 1992. For example, the subsistence minimum based on the 2000 methodology was higher by 15% (Госкомстат России 2001, С. 129).

Another feature of the 2000 methodology is that each region has more influence over the determination of regional subsistence minimums than before. For example, following the 2000 methodology recommended by the Ministry of Labour, each region can select the regional specific goods and services to be included in the non-food basket. Also, regional governments now have more incentive to allocate budget from the central government to social assistance, setting a larger subsistence minimum at the regional level. Accordingly, the

<sup>47</sup> Government decree N 192 dated 17 February 1999 “Methodological recommendation for the definition of the consumption basket by socio-demographic group in the Russian Federation as a whole and regions in Russian Federation.”

decentralization of the process of setting regional subsistence minimums could lead to an inconsistency in the utility of subsistence minimum at the regional level.<sup>48</sup>

In accordance with the rule of having revisions of the consumption basket every five years, the basket was revised in the first quarter of 2005.<sup>49</sup> The non-food basket hardly changed at all, but a minor revision was made in the food basket. Additionally, transportation costs were included into the services within the subsistence minimum for pensioners. As a result, the 2005 revision of the consumption basket led to an increase of the share of services within the subsistence minimum (*Tables 4.4-1 and 4.4-2*). For example, in Russia as a whole, the share of services in the subsistence minimum increased to 35.8% in 2006 from 28.2% in 2003. Later, following a federal law dated 8 December 2010<sup>50</sup>, the consumption basket was revised again in 2011, but in any case, the revisions have been quite small, and in principle, the subsistence minimum in Russia has been calculated based on the 2000 methodology.

**Table 4.4. Structure of the subsistence minimum in Russia based on the 2000 methodology (%)**

**Table 4.4-1. Structure of the subsistence minimum in 2003**

	By socio-demographic group			
	Total population	Working population	Pensioners	Children
Food	45.0	42.3	51.2	48.4
Non-food	49.4	48.7	48.8	51.6
Non-food goods	21.2	19.4	24.1	24.2
Services	28.2	29.3	24.7	27.4
Tax and other payments	5.6	9.0	—	—
Total	100.0	100.0	100.0	100.0

**Table 4.4-2: Structure of the subsistence minimum in 2006**

	By socio-demographic group			
	Total population	Working population	Pensioners	Children
Food	40.4	38.4	44.8	43.9
Non-food	53.2	51.9	55.2	56.1
Non-food goods	17.4	15.9	19.7	20.8
Services	35.8	36.0	35.5	35.3
Tax and other payments	6.4	9.7	—	—
Total	100.0	100.0	100.0	100.0

Sources: Росстат (2004, C.174; 2007b, C.144).

<sup>48</sup> Ravallion and Lokshin (2006) also insisted that the incentive that local authorities have to increase their regional subsistence minimum was one of the reasons for the inconsistency of the utility of subsistence minimum.

<sup>49</sup> A federal law N44-FZ dated 31 March 2006 “On the consumption basket in Russia as a whole”.

<sup>50</sup> A federal law N332-FZ dated 8 December 2010 “On the consumption basket in 2011–2012 in Russia as a whole”.

In the next section, we will investigate the structure of the consumption basket and its regional peculiarities identified in the 2000 methodology. Here, it should be noted that our discussion will be based on the version of the methodological recommendation, reflecting the consumption basket revision of 2007. In order to avoid any inconsistency of expression, below we also call the methodological recommendation revised in 2007 as the 2000 methodology<sup>51</sup>.

## 5. Consumption basket in Russia based on the 2000 methodology and its regional peculiarities

In the 2000 methodology as well as the 1992 methodology, the subsistence minimum consists of the consumption basket (food, non-food goods and services) plus tax and other compulsory payments. As already mentioned, the 2000 methodology established the baskets for non-food goods and services as well as the food basket. Additionally, regional differences in the baskets for non-food goods and services were also taken into consideration. Below we take a thorough look at the consumption basket based on the 2000 methodology. Let us start with the food basket.

### 5.1. Food basket

The food bundles include 33 food items, which are classified into 11 groups: (1) grains, (2) potatoes, (3) vegetables and melons, (4) fresh fruit, (5) sugar and confections, (6) meat, (7) fish, (8) milk and dairy products, (9) eggs, (10) butter and margarine, (11) other goods<sup>52</sup>. In both the 2000 methodology and the 1992 methodology, the food baskets are calculated for adult males, adult females, pensioners and children (0–6 year old and 7–15 year old). The baskets are set based on recommendations from national specialists on nutrition and the WHO. The caloric intake per day based on the food basket is 2,730 kcal for adult males, 2,100 kcal for adult females, 1,610 kcal for pensioners and 2,360 kcal for children.

Taking into consideration the differences in food traditions, climate and economic conditions, the 2000 methodology set 9 regional zones for the food basket (Appendix 2). Zones I and II are a part of the areas near to the Arctic Circle, and the other zones are almost all identified in the same way as the federal districts<sup>53</sup>. The food basket for each socio-demographic group is set by zone, and **Table 4.5** shows the zone-based food basket for adult males. The consumption pattern in the food basket can vary between zones. For example, in the extremely cold zones such as Zones I and II, more grains are included in the food basket, while in the warmer zones such as Zones VIII and IX, more fruit is included in the basket (**Table 4.5**). However, it should be noted that, in principle, the total calorie intake for every socio-demographic group does not vary between zones. Having said that, as it is extremely cold in Zones I and II, their calorie intake is set slightly higher than the others. In this case also, the necessary calorie intake for each socio-demographic

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<sup>51</sup> In this study, what we refer to as the 2000 methodology is a government decree N 192 dated of 17 February 1999 “Methodological recommendation of the definition of the consumption basket by socio-demographic group in Russian Federation as a whole and regions of Russian Federation”. The methodological recommendation was revised in March 2000, August 2005 and June 2007.

<sup>52</sup> A document attached to a decree of the Ministry of Labour and the Goskomstat of Russia N 36/34 dated 28 April 2000 “On the approval of the calculation method of subsistence minimum in Russia as a whole”.

<sup>53</sup> Russia discontinued use of 11 economic zones and introduced instead 7 federal districts in May 2000: Center, West-North, South, Volga, Ural Siberia and Far East. In January 2010, a part of the South Federal District was split off into a new district, the North Caucasian federal district. Zone IX includes all the remaining regions that were included in the former South Federal District.

group does not vary between the two zones. To summarize, it could be said that the needed caloric intake is set for two aggregate groups: (1) Zones I and II, and (2) the other zones. With the exception of the larger calorie intake for the colder areas, we can conclude that the utility of the food basket in Russia is consistent across regions.

**Table 4.5. Food bundles by adult male and zone based on the 2000 methodology**

(kg per capita per year)

Food bundles	Zone								
	I	II	III	IV	V	VI	VII	VIII	IX
Grains	185.7	186.4	163.4	160.0	161.2	160.9	156.4	158.7	163.3
Potatoes	80.0	100.0	110.0	120.0	110.0	115.0	125.0	110.0	90.0
Vegetables and melons	102.0	102.0	102.0	102.0	102.0	102.0	102.0	113.0	115.0
Fresh fruit	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0	24.0
Sugar and confections	25.2	25.2	23.2	23.2	23.2	23.2	23.2	23.2	23.2
Meat	50.0	48.2	48.5	44.5	43.5	42.3	42.5	43.0	43.0
Fish	33.0	31.0	29.0	19.0	18.0	18.0	17.0	19.0	13.0
Milk and dairy products	210.0	220.0	173.2	201.2	219.2	239.2	257.2	229.2	222.4
Eggs	250.0	250.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0
Butter and margarine	21.0	21.0	16.0	17.0	16.0	15.0	15.5	17.0	16.0
Other foods	4.88	4.88	4.88	4.88	4.88	4.88	4.88	4.88	4.88
Caloric intake, kcal	3,100	3,100	2,730	2,730	2,730	2,730	2,730	2,730	2,730

*Note:* Other foods include salt, pepper, and tea.

*Source:* Методологические рекомендации по определению потребительской корзины для основных социально-демографических групп населения в целом по Российской Федерации и в субъектах Российской Федерации (утверждение Постановлением Правительства РФ от 17 февраля 1999 г. N 192).

## 5.2. Non-food basket

A non-food basket was established for the first time in Russia with the introduction of the 2000 methodology. The non-food basket is defined taking into consideration the differences in needs by age, and the protection of the body from the elements. The items in the non-food basket consist of goods for both personal use and collective household use. The personal use goods include: (1) clothing, (2) footwear, and (3) pens and notebooks. The number of years of expected use is set for each item by socio-demographic group: (1) adult and pensioner males, (2) adult and pensioner females, (3) 0–6 year-old children, and (4) 7–15 year-old children. For example, the number of years of expected use of a coat in Russia as a whole is 7 years for adult males and 8 years for pensioner males. Additionally, items for household collective use include furniture, tableware, home electronic appliances, as well as blankets, pillows, sheets and towels. The number of years of expected use is set for each item based on a statistically average household. For example, the expected length of use for three pillows is 15 years, while for 6 dishes, it is 12 years.

Three zones are set for the personal use of non-food goods, considering the differences in consumption patterns between regions. The zones for the non-food goods are: (1) those with cold and extremely continental climate, (2) those with moderate climate, and (3) those with warm climate (Appendix 3). The number of years of expected use for each item is also set for the socio-demographic groups and zones. **Table 4.6** shows the non-food bundles and the years of expected use for each item for adult males. For example, in the zone with cold and extremely continental climate, the expected years of use is set at 8 years for a fur-coat and 5 years for a pair of felt boots, but these items are not included in the non-food bundles for the warm climate zone.

**Table 4.6. Non-food bundles for the individual use of adult males**

	Zone I		Zone II		Zone III	
	Quantity	Years of use	Quantity	Years of use	Quantity	Years of use
<b>1. Upper garment group</b>						
fur coat	1	8	—	—	—	—
jacket with fur	1	7	1	8	1	8
jacket	1	9	1	9	1	8
coat	1	8	1	7	1	7
<b>2. Upper clothing group</b>						
two-piece suit	1	5	1	5	1	6
shirt	3	4	3	4	4	4
wool trousers	1	3	1	4	1	5
denim trousers	1	4	1	4	1	3
light jacket	2	5	1	5	1	6
sportive clothing	1	4	1	4	1	3
<b>3. Underwear</b>						
pants	5	2	5	2	5	2
sleeveless top	3	3	3	3	3	3
<b>4. Hosiery</b>						
socks	7	1	7	1	7	1
<b>5. Hats</b>						
fur hat	1	6	1	7	—	—
wool hat	2	6	2	7	1	7
scarf	1	5	1	6	1	7
knitted gloves	1	3	1	3.5	1	4
fur mittens	1	3	—	—	—	—



<b>6. Shoes</b>						
felt boots (valenki)	1	5	—	—	—	—
boots	2	4	1	5	1	6
half boots	2	6	2	5	2	5
sneakers	1	4	1	3	1	3
home shoes	1	3	1	3	1	3
rubber shoes	1	7	1	7	1	6
<b>7. School items</b>						
notebooks (12 leaves)	1	1	1	1	1	1
ball-point pens	2	1	2	1	2	1

*Source:* Методологические рекомендации по определению потребительской корзины для основных социально-демографических групп населения в целом по Российской Федерации и в субъектах Российской Федерации (утверждение Постановлением Правительства РФ от 17 февраля 1999 г. N 192).

### 5.3. Services

According to the 2000 methodology, the items for services are set. The service bundles consist of 8 items such as housing, central heating, hot and cold water, gas, and transportation. Per capita consumption for each service is set for three groups: adults, pensioners and children.

Three zones are also set for services, taking into consideration the difference in the period in which central heating is used and the hours of sunlight between the regions (Appendix 4). The regions included in the zones for services are partly consistent with those in the zones for non-food goods. For example, the regions in Zone III for services are included in not only Zone III for non-food goods, but a part of Zone II for non-food goods as well. **Table 4.7** shows the consumption of each item by zone. In Zone II for services, where the period for using central heating is shorter and the hours of sunlight are longer, the consumption of heating and electricity is set at a lower level.

**Table 4.7. Bundles of housing and public utility services by zone based on the 2000 methodology**

Service	Unit	Zone		
		I	II	III
Housing	m <sup>2</sup> for all family members	18	18	18
Central heating	gcal per year	8	6.7	5.4
Hot and cold water	litre / day	275	285	295
Gas	m <sup>3</sup> per month	10	10	10
Electricity	kW/hour per month	54	50	46

*Source:* Методологические рекомендации по определению потребительской корзины для основных социально-демографических групп населения в целом по Российской Федерации и в субъектах Российской Федерации (утверждение Постановлением Правительства РФ от 17 февраля 1999 г. N 192).

## 5.4. Calculation of the consumption basket and prices

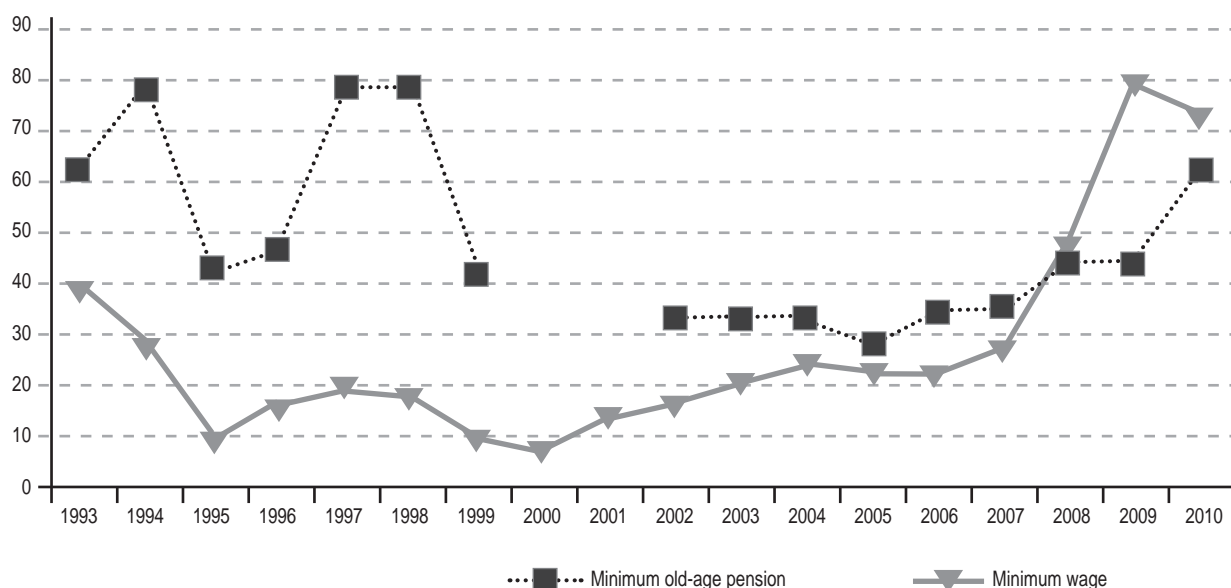
The value of the consumption basket for each zone is calculated by multiplying the quantity of each item in the basket by the corresponding prices in the appropriate city or town in the zone. The data on the consumer price of each item in the basket is collected quarterly by Rosstat, and is defined in a way that coincides with the consumer price index calculation.

## 6. Subsistence minimum as a social indicator

The subsistence minimum in Russia is used to gain a perspective on the social security system, including the amount of social assistance and minimum pension. The subsistence minimum can be regarded as a social indicator in this context. By referring to the 1992 presidential decree that is the basis of the 1992 methodology, and the 1997 federal law that is the basis of the 2000 methodology, we can see how the legislations of Russia link the subsistence minimum with the social security system.

The government set the subsistence minimum, according to the presidential decree “On the system of the minimum consumption budget of the population of the Russian Federation” dated 2 March 1992, in order to secure the system of social security and strengthen social assistance to the poor in the population. The presidential decree also mentioned that, in reference to the subsistence minimum and the actual economic perspective, the minimum amounts for wages, pensions, allowances, scholarships and other social payments should be gradually raised. In addition, it recommended that the local authorities themselves should set the regional subsistence minimums, taking into consideration the specific features of their locality. It was thought that this would enable the regional subsistence minimum to be used as an indicator for determining a perspective on each region’s socio-economic policies.

**Figure 4.1. Percentage of minimum wage and old-age pension as compared to the subsistence minimum**



Source: Росстат (2007a; 2010).

The federal law N134-FZ dated 24 October 1997 “On the subsistence minimum in Russian Federation” provides the legislative basis for the definition and calculation of the subsistence minimum, putting into practice the guarantee of the minimum income and other social assistance. First, it should be noted that the 1997 federal law N134-FZ clarifies that the subsistence minimum at the national level is used as a basis for setting the minimum wage and social payments at the national level. The ratios of the minimum wage and the minimum old age pension to the subsistence minimum gradually increased after 2000, when continuous economic development started to be seen in Russia (*Figure 4.1*). Additionally, each subsistence minimum at the national and regional levels is used to estimate the living standards of the population for federal and regional social policies, respectively.

Lastly, it should be noted that the subsistence minimum at the regional level is used to facilitate state social assistance to lower income households. If per capita income of a household falls below the subsistence minimum at the regional level, the household is then eligible to be provided with state social assistance by the central government. This could give the local authorities increased incentive to set a larger regional subsistence minimum in order to draw extra resources from the federal government. This type of incentive of local authorities could lead to an inconsistency in the utility of the subsistence minimum between the regions, i.e. a distortion in the level of the regional poverty line.

## 7. Conclusion

During the transition from planned to market economy, the subsistence minimum in Russia has been calculated based on the CBN method that is the international standard for the calculation of poverty lines. One of the features of the subsistence minimum in Russia is that a non-food basket was established in 2000, and this takes into consideration the differences between the regions. However, according to Ravallion and Lokshin (2006), the utility of the subsistence minimum in Russia is inconsistent across regions, as the calculation process is decentralized.

It is necessary to define the subsistence minimum from a broader viewpoint as well as from a nutritional one in the course of the development of a country. In addition, it should be noted that although the food basket has a rational basis for its establishment (e.g. minimum nutritional requirements), the non-food basket does not have a corresponding basis. The Russian case examined in this study showed us that inconsistencies in (non-food) poverty lines across regions could indeed occur when the process for setting the consumption basket is decentralized. Therefore, in order to get a rational estimate of the subsistence minimum, it could be better not to establish a non-food basket, but to estimate a non-food subsistence minimum based on the value of the food basket.

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## 9. List of regulations related to subsistence minimum in Russia

### (i) Legislations on subsistence minimum in Russia

1. Указ президента РФ от 2 марта 1992 г. N 210 «О системе минимальных потребительских бюджетов населения Российской Федерации».
2. Утверждение Министерства труда и социального развития от 10 ноября 1992 г. «Методические рекомендации по расчетам прожиточного минимума по регионам Российской Федерации»
3. Федеральный закон от 24 октября 1997 г. N 134-ФЗ «О прожиточном минимуме в Российской Федерации».
4. Постановление Министерства труда и социального развития Российской Федерации и Государственного комитета Российской Федерации по статистике от 28 апреля 2000 г. N 36/34 «Об утверждении Методики исчисления величины прожиточного минимума в целом по Российской Федерации»

## (ii) Legislations on minimum consumption basket in Russia

5. Постановление Правительства РФ от 17 февраля 1999 г. N 192 «Об утверждении методических рекомендаций по определению потребительской корзины для основных социально-демографических групп населения в целом по Российской Федерации и в субъектов Российской Федерации».
6. Федеральный закон от 20 ноября 1999 г. N 201-ФЗ «О потребительской корзине в целом в Российской Федерации».
7. Федеральный закон от 31 марта 2006 г. N 44-ФЗ «О потребительской корзине в целом по Российской Федерации».
8. Постановление Правительства Российской Федерации от 4 июня 2007 г. N 342 «О внесении изменений в Методические рекомендации по определению потребительской корзины для основных социально-демографических групп населения в целом по Российской Федерации и в субъектов Российской Федерации».
9. Федеральный закон от 8 декабря 2010 г. N 332-ФЗ «О потребительской корзине в целом по Российской Федерации в 2011-2012 годах».

## 10. Appendixes

### Appendix 1: Zones for calculating the subsistence minimum at the regional level based on the 1992 methodology

Zone	Territory Name
I	Krasnodarsk territory; Stavropol territory.
II	Republic of Kalmykiya; Republic of Dagestan; Republic of Kabardino-Balkaria; Republic of North Osetia.
III	Bryansk region; Orel region; Ryazan region; Belgorod regions; Kaluga region; Lipetsk region; Tambov region; Voronezh region; Republic of Mari El; Republic of Mordovia; Republic of Chuvashia; Penza region; Rostov region; Ulyanovsk region; Republic of Tatarstan.
IV	Vladimir region; Ivanovo region; Nizhny Novgorod region; Kostroma region; Vologda region; Moscow region; Tver region; Novgorod region; Pskov region; Leningrad region; Tula region; Kaliningrad region; Yaroslavl region; Moscow; Saint-Petersburg.
V	Astrakhan region; Sratov region; Volgograd region; Samara region; Republic of Bashkortostan; Orenburg region; Republic of Udmurtia; Chelyabinsk region; Kurgan region.
VI	Kirov region; Arkhangelsk region; Republic of Karelia; Altai territory; Republic of Buryatia; Republic of Tuva; Kemerovo region; Novosibirsk region; Omsk region; South of Tyumen region; Sverdlovsk region; Perm region.
VII	Murmansk region; Republic of Komi; North of Arkhangelsk region; Khabarovsk territory; Primorye territory; Amur region; Chita region; South of Krasnoyarsk territory; Tomsk region; Irkutsk region.
VIII	Republic of Sakha (Yakutiia); Magadan region; Kamchatka region; Sakhalin region; North of Tyumen region; north of Krasnoyarsk territory.

Source: Госкомстат России (1996, С. 86).

## Appendix 2: Zones for the food basket based on the 2000 methodology

Zone	Territory name
I	North part of Republic of Sakha; North part of Krasnoyarsk territory; Taimyr administrative district; Chukotka administrative district; North part of Evensk administrative district; Yamal-Nenets administrative district
II	North part of Republic of Karelia; North part of Republic of Komi; North part of Arkhangelsk region; Murmansk region; Nenets administrative district
III	Republic of Sakha (excluding north part); Primorye territory; Khabarovsk territory; Amur region; Kamchatka region; Magadan region; Sakhalin region; Jewish administrative district; Koryak administrative district; Khanty-Mansi administrative district; Evensk administrative district (excluding north part)
IV	Republic of Altai; Republic of Buryatia; Republic of Tyva; Republic of Khakasia; Altai territory; Krasnoyarsk territory (excluding north part); Irkutsk region; Kemerovo region; Novosibirsk region; Omsk region; Tomsk region; Tyumen region; Chitinsk region; Aginsk-Buryat administrative region; Ust-Ordyn Buryat administrative district
V	Kurgan region; Sverdlovsk region; Chelyabinsk region; Orenburg region
VI	Republic of Karelia (excluding north part); Republic of Komi (excluding north part); Arkhangelsk region (excluding north part); Vologda region; Kaliningrad region; Leningrad region; Novgorod region; Pskov region; St. Petersburg
VII	Belgorod region; Bryansk region; Vladimir region; Voronezh region; Ivanovo region; Kaluga region; Kostroma region; Kursk region; Lipetsk region; Moscow region; Orel region; Ryazan region; Smolensk region; Tambov region; Tver region; Tula region; Yaroslavl region; Moscow
VIII	Republic of Bashkortostan; Republic of Mari El; Republic of Mordovia; Republic of Tatarstan; Republic of Udmurtia; Republic of Chuvashia; Kirov region; Nizhny Novgorod region; Penza region; Perm region; Komi-Perm administrative district; Samara region; Saratov region; Ulyanovsk region
IX	Republic of Adygeya; Republic of Dagestan; Republic of Ingushetia; Republic of Kabardino-Balkaria; Republic of Kalmykia; Republic of Karachaevo-Cherkessia; Republic of North Osetia; Republic of Chechnya; Krasnodar territory; Stavropol territory; Astrakhan region; Volgograd region; Rostov region

Source: Методологические рекомендации по определению потребительской корзины для основных социально-демографических групп населения в целом по Российской Федерации и в субъектах Российской Федерации (утверждение Постановлением Правительства РФ от 17 февраля 1999 г. N 192).

### Appendix 3: Zones for the non-food basket based on the 2000 methodology

Zone	Type of climate	Territory name
I	cold and extremely continental climate	Altai region; Buryatia region; Republic of Karelia; Republic of Komi; Republic of Sakha; Republic of Tyva; Republic of Khakasia; Altai territory; Krasnoyarsk territory; Primorye territory; Khabarovsk territory; Amur region; Arkhangelsk region; Irkutsk region, Kamchatka region; Kemerovo region; Magadan region; Murmansk region; Novosibirsk region; Omsk region; Sakhalin region; Tomsk region; Tyumen region; Chita region; Jewish administrative district; Aginsk-Buryat administrative district; Koryak administrative district; Nenets administrative district; Taimyr administrative district; Ust-Ordyn administrative district; Khanty-Mansi administrative district; Chukotka administrative district; Evenk administrative district; Yamal-Nenets administrative district.
II	temperate climate	Republic of Bashkortostan; Republic of Kalmykia; Republic of Mari El; Republic of Mordovia; Republic of Tatarstan; Republic of Chuvashia; Republic of Udmurtia; Astrakhan region; Belgorod region; Bryansk region; Vladimir region; Volgograd region; Vologda region; Voronezh region; Kaluga region; Kirov region; Kostroma region; Kurgan region; Kursk region; Leningrad region; Lipetsk region; Moscow region; Nizhny Novgorod region; Novgorod region; Orel region; Orel region; Penza region; Perm region; Pskov region; Ryazan region; Samara region; Saratov region; Sverdlovsk region; Smolensk region; Tambov region; Tver region; Tula region; Ulyanovsk region; Chelyabinsk region; Yaroslavl region; Komi-Perm administrative district; Moscow; Saint-Petersburg.
III	warm climate	Republic of Adygeya; Republic of Dagestan; Republic of Ingushetia; Republic of Kabardino-Balkaria; Republic of Karachaevo-Cherkessia; Republic of North Ossetia; Republic of Chechnya; Krasnodar territory; Stavropol territory; Rostov region.

*Source:* Методологические рекомендации по определению потребительской корзины для основных социально-демографических групп населения в целом по Российской Федерации и в субъектах Российской Федерации (утверждение Постановлением Правительства РФ от 17 февраля 1999 г. N 192).

#### Appendix 4: Zones for the services based on the 2000 methodology

Zone	Territory name
I	Altai region; Buryatia region; Republic of Karelia; Republic of Komi; Republic of Sakha; Republic of Tyva; Republic of Udmurtia; Republic of Khakasia; Altai territory; Krasnoyarsk territory; Primorye territory; Khabarovsk territory; Amur region; Arkhangelsk region; Vologda region; Irkutsk region, Kamchatka region; Kemerovo region; Kirov region; Magadan region; Murmansk region; Novosibirsk region; Omsk region; Perm region; Sakhalin region; Tomsk region; Tyumen region; Chita region; Jewish administrative district; Aginsk-Buryat administrative district; Komi-Perm administrative district; Koryak administrative district; Nenets administrative district; Taimyr administrative district; Ust-Ordyn administrative district; Khanty-Mansi administrative district; Chukotka administrative district; Evenk administrative district; Yamal-Nenets administrative district.
II	Republic of Bashkortostan; Republic of Kalmykia; Republic of Mari El; Republic of Mordovia; Republic of Tatarstan; Republic of Chuvashia; Belgorod region; Bryansk region; Vladimir region; Voronezh region; Ivanovo region; Kaliningrad region; Kaluga region; Kostroma region; Kurgan region; Kursk region; Leningrad region; Lipetsk region; Moscow region; Nizhny Novgorod region; Novgorod region; Orenburg region; Orel region; Penza region; Pskov region; Ryazan region; Sverdlovsk region; Smolensk region; Tambov region; Tver region; Tula region; Ulyanovsk region; Chelyabinsk region; Yaroslavl region; Moscow; Saint-Petersburg.
III	Republic of Adygeya; Republic of Dagestan; Republic of Ingushetia; Republic of Kabardino-Balkaria; Republic of Karachaevo-Cherkessia; Republic of North Osetia; Republic of Chechnya; Krasnodar territory; Stavropol territory; Astrakhan region; Volgograd region; Rostov region; Samara region; Saratov region.

*Source:* Методологические рекомендации по определению потребительской корзины для основных социально-демографических групп населения в целом по Российской Федерации и в субъектах Российской Федерации (утверждение Постановлением Правительства РФ от 17 февраля 1999 г. N 192).