

Malaysia suffers first rise of poverty rate since 1999

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Malaysia experienced a slight increase in the poverty rate between 2007 and 2009, the first since the end of the 1999 Asian financial crisis, according to a survey conducted by the Department of Statistics.

The poverty rate went up from 3.6 percent in 2007 to 3.8 percent in 2009 while the hardcore poverty rate remained at 0.7 percent.

According to the Household Income and Basic Amenities Survey Report 2009, the latest of the government's five-year survey which was unprecedentedly made public last month, the incidence of poverty in Malaysia showed a declining trend since 1995, except in 1999 and 2009. This is most likely due to the financial crisis that hit the country in those two years.

Among the states, Sabah still topped the list with a 19.7 percent poverty rate, followed by Perlis (six percent), Sarawak and Kedah (both 5.3 percent).

The poverty line income varies in different regions, and the benchmark used by the survey is shown in the chart (below).

However, the report does not provide the benchmark for hardcore poor.

The survey covered 45,805 families nationwide from April 2009 to March 2010 and contained statistics on household income distribution, basic amenities and the incidence of poverty in Malaysia.

This is the first time the survey, conducted twice every five years, has been released for public consumption.

In terms of wealth distribution, the gap between the rich and the poor widened marginally during the two-year period in late 2000s as shown by the Gini coefficient of household income, which increased from 0.440 in 2007 to 0.441 in 2009.

The value of the Gini coefficient ranges from 0 to 1 where '0' denotes complete equality of income share and '1' represents total inequality of income share.

This parameter has been fluctuating during the period of 1995 to 2009, with the highest figure recorded in 2002 (0.461), while the lowest was recorded in 2007 (0.440).

Malaysia has the distinction of having the second highest rich-poor gap in Asia after Papua New Guinea.

No figures are however provided for the poverty gap within races - among the Malays, Chinese, Indians and other ethnic groups.

Glaring inequalities

From another perspective, the average monthly household income of the top 20 percent of households was RM10,208, while that for the middle 40 percent and bottom 40 percent of households was RM3,770 and RM1,529 respectively.

The national average household income in 2009 - the latest year revealed by the survey - was RM4,025.

The percentage of households in the income bracket of RM5,000 and above showed a jump from 16.8 percent to 24.2 percent in the year 2009, as compared with 2004.

Meanwhile, the percentage of households in the income class of below RM2,500 decreased to 44.2 percent in 2009, compared with 56.2 percent in 2004.

The comparisons between income class in 2009 and 2007 were only illustrated by the Department of Statistics report through a chart, without the exact figures stated.

The gap between incomes in the urban and rural areas was significant, too. The average household income in urban cities was RM4,705 and it dropped by almost half to RM2,545 in the rural areas.

Income inequality between genders was also serious, with the men earning an average household income of RM4,219, while the figure for women wage earners stood at only RM2,958.