

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Economics



BACHELOR THESIS

The consumer basket of goods and services for non-working pensioners in Perm Krai

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CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

BACHELOR THESIS ASSIGNMENT

Alina Blazhina

Economics and Management

Thesis title

The consumer basket of goods and services for non-working pensioners in Perm Krai

Objectives of thesis

The main purpose of the bachelor thesis is the analysis of the consumer basket for the non-working pensioners in the Russian Federation, precisely in Perm Krai.

The first goal of this bachelor thesis is an analysis of the concept, composition, and cost of the consumer basket in Perm Krai for non-working pensioners in the year 2016.

The second goal of this bachelor thesis is to demonstrate the changes in the composition of the consumer basket in Perm Krai for non-working pensioners. First, consider the changes in the old-age pension for non-working elderly people from 2010 to 2016. Secondly, investigate changes in tariffs for housing and public utilities for the period when the official data was available (January 1, 2015 to December 31, 2016). Thirdly, to examine price changes for food products between 2010 and 2016. Finally, compare the average increase between old-age pension, tariffs for housing and public utilities, food prices.

The third goal is an analysis of results of a survey, which was held in Perm. The relation between old-age pension for non-working elderly people and between the cost of the consumer basket in Perm Krai in 2016 year.

Methodology

Theoretical section was conducted using methods of synthesis and deduction.

In the analytical part, both quantitative and qualitative methods have been used. All statistics are based on the official data of the State Committee on Statistics of the Russian Federation – Rosstat (formerly, Goskomstat) and on Territorial authority of Federal State Statistics Service in Perm Krai- Permstat. For evaluation of the numerical data, which was collected in tables for the period from 2009 until 2016, the comparative method had been used. Then the figures were presented in the form of graphs for better demonstration of changes in prices.

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40 – 60 pages

Keywords

Consumer basket, Perm krai, pensioners, pension, prices

Recommended information sources

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Declaration

I declare that I have worked on my bachelor thesis titled "The consumer basket of goods and services for non-working pensioners in Perm Krai" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break copyrights of any their person.

In Prague on February 22, 2018

Alina Blazhina

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The consumer basket of goods and services for non-working pensioners in Perm Krai

Spotřebitelský koš zboží a služeb nepracujících důchodců v Permském kraji

Summary:

The main purpose of the bachelor thesis is the analysis of the consumer basket for the non-working pensioners in the Russian Federation, precisely in Perm Krai.

In the theoretical section there is a brief description of Perm Krai and a special attention is given to climate of Perm Krai, since climate is a powerful factor of influence on human life and on consumer basket in general. Furthermore, basic definitions about "pension" and "pensioners as a socio-demographic population group" were described. The essence, concept and composition of the consumer basket, as well as the cost of the consumer basket in Perm Krai for non-working pensioners in the year 2016 was analyzed.

A survey which was held in Perm is of great significance in this bachelor thesis. The analytical section reflects the results of a questionnaire with a view to identifying the relation between retirement pension for non-working elderly people and between the cost of the consumer basket in Perm Krai in 2016. Moreover, the second part of this bachelor thesis presents a comparison of changes in retirement pension, food products and tariffs for housing and public utilities.

Souhrn:

Hlavním cílem této bakalářské práce je analýza spotřebitelského koše nepracujících důchodců v Ruské federaci, zejména v Permském kraji.

V teoretické části je uveden stručný popis Permského kraje. Vzhledem k tomu, že podnebí je hlavním faktorem, ovlivňujícím lidský život a spotřebitelský koš obecně, hlavní pozornost bude věnována podnebí Permského kraje. Mimoto je uveden výklad hlavních pojmů jako „důchod“ a „důchodci jako sociálně demografická skupina obyvatel“. Byla

provedena analýza podstaty, koncepce a obsahu spotřebitelského koše a také hodnoty spotřebitelského koše nepracujících důchodců v Permském kraji v roce 2016.

Tento výzkum, provedeny v Permu, je pro tuto bakalářskou práci hlavně velmi významný. Analytická část obsahuje výsledky dotazování s cílem zjistit souvislost mezi starobním důchodem nepracujících důchodců a hodnotou spotřebitelského koše v Permském kraji v roce 2016. Mimoto, v druhé části této bakalářské práce je srovnání změn starobních důchodů a potravin a cenou za bydlení a dodávky služeb.

Keywords: Perm Krai, consumer basket of goods and services, non-working pensioners, old-age pension, prices, food goods, housing and public utilities.

Klíčová slova: Permský kraj, spotřebitelský koš zboží a služeb, nepracující důchodci, starobní důchod, ceny, potraviny, bydlení a dodávky služeb.

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List of Abbreviations

AAGR	Average Annual Growth Rate
BI	Basic Index
CALR	Computer-assisted legal reasearch
CBR	Central Bank of Russia
CH	Chain Index
CZK	Czech Koruna
etc	et cetera, and so on
Gcal	Gigacalorie
GR	Growth Rate
i.e.	id est = that is (to say), "in this case"
KG	Kilogram
KM	Kilometer
KwH	Kilowatt hour
OECD	Organisation for Economic Co-operation and Development
PERMSTAT	Federal State Statistics Service in Perm Krai
RF	Russian Federation
PFR	Pension Fund of the Russian Federation
PK	Perm Krai
ROSSTAT	Federal State Statistics Service (formerly, Goskomstat)
RUB	Russian Ruble
SWOT	Strengths, Weaknesses, Opportunities, Threats
USA	United States of America
WHO	World Health Organization

1. Introduction

The first thing that needs to be said is that the consumer basket of goods and services is one of the most important and basic concepts in economics. It is noticeable that a consumer basket of goods and services in the Russian Federation is divided into three socio-demographic population groups: children, working-age population, and pensioners. In this bachelor thesis, the consumer basket of goods and services for pensioners will be analyzed.

The proportion of older people in the territory of the Russian Federation is increasing with each passing day; this is the reason why more and more attention is now being focused on life after retirement. Every person born into this world goes through the phases of life and eventually becomes an elderly person.

Retirement in today's world is the beginning of a new life and is not a death sentence. From my point of view, life is beautiful and old-age is a new and interesting stage of life which one needn't fear. Retirement offers great opportunities for everyone. Anything is possible for an elderly person in the modern world: new interests, new pleasures, and new journeys.

This topic is particularly relevant for me, because my grandmother is a non-working pensioner, residing in the territory of the Russian Federation, precisely in Perm Krai. What opportunities do pensioners have in the country where I was born? I decided to study this question in greater depth.

How much money does the Government provide to non-working pensioners in Perm Krai? How do non-working pensioners distribute expenditures based on the obtained retirement pension? What the minimum set of food products in Perm Krai for non-working pensioners include? Which products do pensioners prefer to consume in Perm Krai and how often? How often do pensioners attend cultural events in Perm Krai?

2. Thesis Objectives and Methodology

2.1. Objectives

The main purpose of the bachelor thesis is the analysis of the consumer basket for the non-working pensioners in the Russian Federation, precisely in Perm Krai.

The first goal of this bachelor thesis is an analysis of the concept, composition, and cost of the consumer basket in Perm Krai for non-working pensioners in the year 2016.

The second goal of this bachelor thesis is to demonstrate the changes in the composition of the consumer basket in Perm Krai for non-working pensioners. First, consider the changes in the old-age pension for non-working elderly people from 2010 to 2016. Secondly, investigate changes in tariffs for housing and public utilities for the period when the official data was available (January 1, 2015 to December 31, 2016). Thirdly, to examine price changes for food products between 2010 and 2016. Finally, compare the average increase between old-age pension, tariffs for housing and public utilities, food prices.

The third goal is an analysis of results of a survey, which was held in Perm. The relation between old-age pension for non-working elderly people and between the cost of the consumer basket in Perm Krai in 2016 year.

2.2. Methodology

Theoretical section was conducted using methods of synthesis and deduction.

In the analytical part, both quantitative and qualitative methods have been used. All statistics are based on the official data of the State Committee on Statistics of the Russian Federation - Rosstat (formerly, Goskomstat) and on Territorial authority of Federal State Statistics Service in Perm Krai- Permstat. For evaluation of the numerical data, which was collected in tables for the period from 2009 until 2016, the comparative method had been used. Then the figures were presented in the form of graphs for better demonstration of changes in prices.

A SWOT analysis explained strengths, weaknesses, opportunities, and threats of the housing and public utilities, which is one of the main parts of the consumer basket in Perm Krai.

Nevertheless, one should accept that the analytical part of this bachelor thesis focusses on the analysis of results of the survey, which were held in Perm Krai. The survey was in the form of a questionnaire method.

3. Theoretical Section

3.1. Description of Perm Krai

My objective in this bachelor thesis is the consumer basket of goods and services. I will analyze the consumer basket of goods and services for non-working pensioners in Perm Krai, who have reached the normal retirement age.

According to Russian legislation, the consumer basket is set separately for each region (subject) of the Russian Federation. It is noticeable that local governments determine the composition of goods and services in the regional baskets (Sha‘bān, 2006).

I will investigate a consumer basket in Perm Krai. For this reason, initially, I would like to give the short characteristics of Perm Krai.

The Russian Federation is divided into 85 federal subjects, nine of which are krais (International Business Publications, 2014).

Perm Krai is a federal subject of Russia (a krai). It is part of the Volga Federal District, Privolzhsky Federal Okrug, and the Urals Economic Region (Saunders and Strukov, 2010).

Perm Krai is situated on the western slopes of the Central and Northern Urals and the eastern edge of the Eastern European Plain (The territories of the Russian Federation, 2016). The Perm krai is located at the joint of Europe and Asia. The main natural landmark is the Ural Mountains (Krasavtseva, 2016).

Perm Krai has an area equal to 160.2 thousand square kilometers; it includes 37 municipalities and 13 cities of regional subordination (Ministry of Natural Resources and Environment, n.d.).

According to Permstat (01.01.2016), the population of Perm Krai is 2 634 276. Urban population - 75,61% (1991998). Rural population – 24,41% (643278). Population density — 16,44 people/sq.km.

The capital and largest city of Perm Krai is a Perm city. The city of Perm is the administrative center. Perm is an economically developed region of Russia. The basis for

which is a highly developed industrial complex. Key industries include oil, chemical and petrochemical industry, electric power industry, machine building, timber industry. In the Perm Krai annually procedures about 10 million tons of oil. Leading mining company – LLC «Lukoil - Perm» The leading sector of chemical industry is the production of fertilizer, accounting for 100% edge of potash fertilizers in Russia. In the Perm Krai has the largest in the world Verkhnekamskoye potash (International Business Publications, 2013). In accordance with Federal Agency for Tourism (2012), by industrial output Perm wins first place among the other cities of the Urals, being in advance of such big cities as Yekaterinburg, Chelyabinsk and Ufa.

3.2. Pensioners as a socio-demographic population group

According to Federal Law "On the consumer basket in Perm Krai " № 224-PK of 28.08.2013, the consumer basket is set for three socio-demographic population groups – working-age population, pensioners, children. This bachelor thesis is based on analysis of a consumer basket of goods and services for non-working pensioners in Perm Krai.

A definition by Merriam-Webster Dictionary suggests that a **pensioner** is "a person who receives or lives on a pension; *especially*: a person who receives a government pension".

Pensioners are the persons who realized their right to get pensions in accordance with the legislation of the Russian Federation and are residents of the Russian Federation (Russia in Figures, 2016).

Under Russian law, the officially fixed, normal retirement age is 60 for men and 55 for women. Accordingly, women over 55 and men over 60 are often considered to be «elderly» people (Organisation for Economic Co-operation and Development, 2003).

According to the Pension Fund of the Russian Federation (2016), there are 719 thousand pensioners in Perm Krai who receive pension and 73% (525thousand) are officially non-working pensioners.

The developed industry of Perm Krai and availability of large enterprises determine environmental problems that influence life expectancy of residents in Perm Krai.

According to official data, on the moment of writing this thesis, life expectancy for females in Perm Krai is 75 years; for males in Perm Krai, it is 63 years. (Permstat, 2015).

According to Naryshkina (2011), in the workplace, men are significantly more labored, which negatively effects on their health. Usually they have a lot of health problems once they reached retirement. Therefore, the men's mortality rate is higher than women's. Even if they live up to pension, their state of health is worse than women's. However, in the present situation in relation of normal retirement age in the Russian Federation, a third of men approximately don't live up to pension (Gorshkov,2015).

According to Russian Federal State Statistics Service (2016), Perm Krai is ranked 63rd in in life expectancy of 85 Russian regions.

Based upon these data, I can draw a conclusion that life expectancy in Perm Krai, in comparison with other regions of the Russian Federation, is much lower.

3.3. Pension. Types of Pensions

As has already been stated, the current thesis focuses on non-working pensioners in Perm Krai who reached a retirement age and receive old-age pension. First of all, it is important to describe the Pension Fund of the Russian Federation and existing types of pension.

The Pension Fund of the Russian Federation is one of the most significant social institutions in the Russian Federation. It is the biggest federal network with provision of state services in social security. (PFR, 2016).

An insurance pension is a monthly cash payment, used to compensate citizens for the wage or another income, that they had been receiving during the period of employment, as well as compensation for the income of unemployable family members of the insured person lost due to his death. (PFR, 2016).

An old age insurance pension is the most common type of pension in Russia. Men over 60 years old and women over than 55 are eligible to receive this kind of pension based on the labor record and the minimal amount of pension points. (PFR, 2016).

According to the Pension Fund of the Russian Federation (2016), the following factors influence on the size of insurance pension:

- *The salary amount;*
- *the size of your income as self-employed citizen;*
- *years of employment;*
- *military service by conscription, maternity leave;*

State pension State pension is a monthly state cash payment to citizens, used to compensate them for wage (income) lost due to the termination of their federal public service upon reaching the age of retirement (disability); or in order to compensate for the lost income of cosmonauts or from the test-pilot teams in connection with retirement and long service; or in order to compensate for the health damage during military service, as a result of radiation or man-made disasters, in case of disability or loss of a breadwinner, or paid upon achievement of a normal retirement age under Russian law; or paid to unemployable citizens as subsistence means (PFR, 2016).

A social pension is awarded to unemployable citizens permanently residing in the Russian Federation (PFR, 2016).

One should, however, not forget that one of the main characteristics of the pension system in Russia is that there are various types of privileged pensions and special pensions, some of which allow earlier retirement – at an age as early as 45 years. For example, such categories include persons working in dangerous or hazardous conditions, those working in the extreme north, mothers bearing five and more children, etc. Such persons have the right by law to retire earlier than the officially fixed, normal retirement age. In reality, significant proportions of such employees retire five to seven years earlier than the standard age (OECD, 2003).

The minimum level of pension provision of citizens can't be below a living wage of the pensioner in the region where he lives. From January 1, 2010, additional social payments were introduced for pensions, which are lower in comparison with the regional subsistence minimum. (PFR, 2016).

The size of the living wage in Perm Krai for the II quarter 2016 is based on Regulation "About establishment of size of the living wage for the II quarter 2016", dated July 28, 2016 № 515-P and constitutes 7857 rubles/month for pensioners.

The average size of an old-age pension in Perm Krai – 11942,2 rubles/month (Rosstat, 2016).

The minimum old-age pension in 2016 year for non-working pensions is 8175 RUB/month (Rosstat, 2016).

3.4. Consumer basket. The essence, concept and composition of the consumer basket in Russia

3.4.1. Federal Law "On the consumer basket in Perm Krai". Article one. Determination of the consumer basket of goods and services

From January 1, 2013, Russian Federation Federal Law № 227-FZ¹ "The consumer basket in the whole of the Russian Federation" came into force. The Law was approved on December 3, 2012. This Law will be valid until 2018 year.

According to the Law of Perm Krai №224-PK, which was passed by the legislature on August 15, 2013 and comes into force from August 28, 2013, *the consumer basket* is necessary for conservation of health for the person. It is a minimum set of food, as well as nonfoods and services, which cost is determined in the ratio with cost of the minimum set of food.

¹FZ in Russia is an abbreviation for Federal Law, it also shows the code of a certain Law (Complex financial analysis and bankruptcy prognosis and also financial management-marketing manual for self-tuition book, 2012)

3.4.2. Federal Law on the consumer basket for Perm Krai. Article two. The composition of the consumer basket

According to the Federal Law "On the consumer basket in Perm Krai" № 224-PK of August 28, 2013, the composition of consumer basket consists of: minimum set of food products (in physical terms), non-food goods and services, cost of which is determined in relation to the cost of the minimum set of food products (in the volume of 55% from the cost of food products) (in percentages).

The minimum consumer basket in Russia consists of 156 items of goods and services (Rosstat, 2013).

3.4.3. Federal Law "On the consumer basket in Perm Krai". Article three. The procedure of determining the consumer basket

The concept of consumer basket was introduced in 1997 by the Federal Law № 134-FZ. According to the Law, the composition of the consumer basket is determined by the Government of the Russian Federation, based on methodical recommendations for main socio-demographic groups of populations not less frequently than every five years.

According to Federal Law "On the consumer basket in Perm Krai" № 224-PK of August 28, 2013, the consumer basket is set for three socio-demographic groups of populations – working-age population, pensioners, children (until 15 years old).

Change of composition and amounts of the food, included in a consumer basket of goods and services, is established by the Legislative Assembly of Perm Krai by insertion changes and additions to current Law.

3.4.4. Climate as a factor of influence on human life and on consumer basket. The climate of Perm Krai

The consumer basket is set by region, taking into consideration regional peculiarities such as climate, economic development and food traditions.

The consumer basket is set separately by region (subject of the federation) by the legislative/parliamentary bodies of federal subjects, taking into consideration regional peculiarities such as climate, economic development, food traditions, needs in services.

Weather conditions and climate define a physical and mental condition of an organism: the housing need, as well as the clothing need, food habits, fuel, transportation, etc.

(Vorob'eva, 2011).

For this reason, I would like to pay special attention to climate of Perm Krai and to tell about it in a short form.

The Ministry of natural resources, forestry and ecology of Perm Krai (2015) suggests that climate in Perm Krai is temperate continental. Winters are snowy and long, summers are warm.

In Perm Krai, the warmest month is usually July. Average temperature of July in the northeast of Perm Krai is +16 °C, and in the southwest +19, °C 1. The highest recorded temperature was +38 °C (Tartakovskij, 2012).

In Perm Krai, the snow cover normally settles at the end of October- in the beginning of November and stays in average 170-190 days per year. In March thickness of snow reaches 80-90 cm in the north of the region and 60-70 cm in the south. Average temperature of January in the northeast of Perm Krai is -18,5°C, and in the southwest -13,3°C. The lowest recorded temperature was -53 °C (in the north). It is noticeable that in Perm Krai there are 195 foggy days per year. (Tartakovskij, 2012).

The most part of an atmospheric precipitation fall on warm half-year (from May to September - from 66% and up to 77%) (Tartakovskij, 2012).

In each of epy 16 geographical zones of Russia there are different baskets, due to caloric differences and regional differences in food consumption. Nutritional requirements in the

coldest Arctic regionals are about 15 percent higher than in the more temperature southern regions (Sha‘bān, 2006).

According to climatic conditions, people living in Perm Krai need more high-calorie, heavy food, than people living in the south part of Russia. The cold climate requires calories (Scientific Research Institute of Nutrition of the Russian Academy of Medical Sciences, 2014).

3.4.5. Federal Law "On the consumer basket in Perm Krai". Article four. Purpose of the consumer basket of goods and services. Procedure of establishment of the subsistence minimum

According to Federal Law "On the consumer basket in Perm Krai" № 224-PK of August 28, 2013, the cost of a consumer basket for the main socio-demographic population groups is intended for calculation a size of a subsistence minimum level per capita and on the main socio-demographic population groups (working people, pensioners, children) in general across Perm Krai.

Subsistence minimum level in accordance with the Federal Law of August 28, 2013, №224-PK "On the subsistence minimum in Perm Krai" is a value estimate of a consumer basket and compulsory payments and dues.

The size of a subsistence minimum level per capita and on the main socio-demographic population groups in general across Perm Krai is estimated according to regulation of the Government of the Russian Federation of January 29, 2013 №56 "On the approval of Rules of the calculation of size of a subsistence minimum level per capita and on the main socio-demographic population groups in general across the Russian Federation".

According to Federal Law "On the consumer basket in Perm Krai" № 224-PK of August 28, 2013, the subsistence minimum across Perm Krai intends for:

- 1) estimates of level of living of the population in case of development and sale of regional programs;
- 2) rendering of the necessary government public assistance to needy citizens;
- 3) forming of the budget of Perm Krai;
- 4) other purposes established by the Federal Law.

The size of a subsistence minimum level in accordance with the Federal Law of August 28, 2013, № 224-PK "On the subsistence minimum in Perm Krai" is defined quarterly and is established by the Government of Perm Krai until the 20th day of a month, following the reporting quarter.

According to Federal Law "On the consumer basket in Perm Krai" № 224-PK of 28 August, 2013, while reducing of estimated size of a subsistence minimum level per capita of Perm Krai, the size of a subsistence minimum level of the previous quarter is accepted, approved by the Government of Perm Krai.

According to Federal Law "On the consumer basket in Perm Krai" № 224-PK of August 28, 2013. In comparison with a subsistence minimum level and the minimum consumer budget, the consumer basket in monetary terms represents the lowest amount.

The subsistence minimum represents an indicator of amount and structure of consumption of the major material benefits and services of minimum admissible level providing maintenance of an active physical condition (Arhipov, A., Kokin ,Ju., Karpuhin, D.,2009).

3.5. Services. Housing and public utilities

Utilities are essential services that play a vital role in economic and social development (Arhipov, A., Kokin ,Ju, Karpuhin, D., 2009).

According to Arhipov, A., Kokin ,Ju, Karpuhin, D. (2009), among the principles of the formation of the minimum set of services called major:

- 1) Satisfaction of needs of the main socio-demographic groups in the housing, household organization, movement;
- 2) The current level of use of transport services;
- 3) Surcharge nature of the provision of services.

Minimal set of services includes *utility services* costs in accordance with current regulations, *transport* (measured by the number of trips per year), *cultural services* (their value is set in the amount of 5% of the total cost of services) (Arhipov, A., Kokin ,Ju., Karpuhin, D.,2009).

Housing and public utilities include heating, building maintenance, cold and hot water supply and water disposal, capital repair of apartment blocks, gas supply service and also electricity service (Arhipov, A., Kokin ,Ju., Karpuhin, D.,2009).

While the food and nonfood baskets are defined at the individual level, the service baskets are defined on a per capita basis (Sha‘bān, 2006).

Costs of housing and utility are determined on the basis of standards, region tariffs and prices (Arhipov, A., Kokin ,Ju., Karpuhin, D.,2009).

3.5.1. Building maintenance

According to the Article 154 of 29.12.2004, payment for building maintenance is charged in accordance with the Housing Code of the Russian Federation.

The payment for the building maintenance includes a payment for the following directions of works: maintenance of staircases, attics, cellars, external improvement of a house and its territory, building maintenance (Article 154 of the Housing Code of the Russian Federation from December 29, 2004 of No. 188-FZ).

The tariff for the building maintenance is coordinated at a general meeting with residents of a building (Article 156 of the Housing Code of the Russian Federation from December 29, 2004 of №. 188-FZ)

3.5.2. Heating

In accordance with Resolution № 307 of the Government of the RF from May 23, 2006 "On the Procedure of public services to citizens", in the different cities of the Russian Federation the heating season begins at different time and terms of the beginning of a heating season depend on weather.

It states that "the beginning of the heating season is established at a daily average outdoor temperature below the +8 °C within five days in a row, and the end of the heating season — at a daily average outdoor temperature above the +8 °C in five days in a row. The heating season has to begin or come to the end from the day, following the last day of specified period".

According to the Resolution of Perm city № 685 of 13.09.2016, the expiration date of heating period of 2016-2017 year was 4th of May 2016 and the beginning of a heating season was September 15.

3.5.3. Water services

The tariff for cold and hot water includes the cost of preparation of a resource for use: cold water needs to be disinfected, and hot water needs to be heat. Bills for these services are paid monthly.

The Rules of provision of housing utilities establish that water disposal is withdrawal of household drains from living quarters attached to network. (Resolution of the Government № 307 from May 23, 2006). Water disposal is not only a drain of the used hot and cold water, which is the sewerage, but also the engineering procedure that includes outfall of sewage, their transportation on treatment facilities, the subsequent cleaning and utilization. Therefore, payment for water disposal is obligatory for all residents (both apartments and private houses).

3.5.4. Gas

In accordance with Government Resolution № 549 from July 21, 2008 "the Rules of gas supply for domestic needs of citizens", gas supply is a supply of gas through centralized network and through intrahouse engineering systems to residential premises and non-residential premises.

The volume of the gas consumption for the settlement period is determined by indications of the individual device of gas.

3.5.5. Electricity

Electricity tariffs are divided into tariffs for houses with gas stoves and tariffs for houses with electric stoves. Payment for the electricity is performed according to indications of gas-meter.

3.5.6. Capital repair of apartment blocks

Since 2015 residents of apartments began to receive utility bill with new line of expenses in it – capital repair of apartment blocks. For the first time the term “capital repair” had been used in the Article 2 of the Federal Law from July 21, 2007 № 185–FZ “Housing and Utility Reform Foundation”, two years after the Housing Code came into force (Samosudova N.V, 2015). According to the Law № 271-FZ, capital repair of apartment blocks, regardless of a year of its construction, is performed at the expense of residents. Payments for capital repair of apartment blocks are obligatory. The price includes repair of inside-house utility systems such as electrical, heating, gas and water supply, water discharge; repair or replacement of elevator equipment, which is condemned, lift shafts repair when required; roof repair; shared basement repair; heat insulation and repair of the building foresides; communal meters installation for heat, cold and hot water, electricity, gas. (Samosudova N.V, 2015).

The minimum contribution for capital repair of apartment blocks located in the territory of Perm Krai, on one square meter of total area of the apartment house in a month equals 7,58 rubles (Government Resolution of Perm Krai from November 18, 2015 №989-P).

3.6. Non-food goods

The minimum set of non-food goods is formed of private goods and goods which can use the whole family (Arhipov, A., Kokin ,Ju., Karpuhin, D.,2009). The basket for nonfood goods provides detailed expert-specified quantities to be consumed by various groups of people. Every item in the nonfood bundle has an approximate usage time that varies for different age and gender group (Sha‘bān, 2006).

In a set of private goods are considered the quantitative variety of goods for females, caused by physiological features of their organism (Arhipov, A., Kokin ,Ju., Karpuhin, D.,2009).

Among the principles of the formation of the minimum set of non-food goods called major:

- 1) Satisfaction of needs of the main socio-demographic groups in non-food goods considering the specific requirements of different ages and protection human health from harmful environment affect, and also for welfare.
- 2) The existing level of security of non-food goods of needy families;
- 3) Minimum renewability, minimum variety, low retail price, availability of non-food goods.

The cost of non-food goods which enter to the composition of consumer basket is determined in relation to the cost of the minimum set of food products (in the volume of 55% from the cost of food products). Cost of services is also determined in relation to the cost of the minimum set of food products (in the volume of 55% from the cost of food products) (Federal Law "On the consumer basket in Perm Krai" № 224-PK of August 28, 2013).

The Ministry of Labor and Social Development constructs the non-food basket on a purely normative basis. Calculation for non-food goods is divided into three groups: 1 - clothing and footwear; 2 - sanitation, hygiene, medicine; 3 - durable goods (furniture, kitchen utensils, household equipment, etc.).

Three zones for nonfood goods and three zones for services and utility baskets are defined, based on climatic conditions (Sha‘bān, 2006).

3.7. Food goods

According to Maslow's Hierarchy of Needs (1943), food and water are obvious physiological fundamental needs to keep the body alive, because body needs nutrients and water to work properly. If the body gets enough nutrients and enough fresh healthy food goods you will keep it in good condition.

For this reason, the consumer basket of goods and services includes primarily food products, which constitute 50% of its value. Unfortunately, most of the Russian pensioners spend for food more than a half of the pension (Sagadeeva, J. F., Fattahova, D. N., 2016).

According to the Federal Law "On the consumer basket in Perm Krai" № 224-PK of August 28, 2013, food basket - the minimum set of food products, necessary for conservation of health of the person and ensuring its vital activity.

A set of products of a subsistence minimum is calculated on the basis of the minimum amount of consumption of food by Institute of food of Russian Academy of Medical Sciences, also by Institute of Socio-Economic Studies of Population of the Russian Academy of Sciences (ISESP RAS) together with foreign specialists. Furthermore, the set of products satisfy to norms of specialists of the World Health Organization (WHO) (Arhipov, A., Kokin ,Ju., Karpuhin, D.,2009).

The food basket is based on nutritional requirements for calories, proteins, fats, and carbohydrates for six different groups: infants, children 1-6 years old, children 7-15 years old, men 16-59 years old, women 16-54 years old, and elderly people (men 60 and older and women 55 and older) (Sha‘bān, 2006).

The cost of calorie intake of the food basket is therefore calculated using local prices and food conversion factors. The calorie cost of the basket varies across regions and demographic groups. Thus, the quality and hence the economic costs of baskets are not uniform (Sha‘bān, 2006).

Arhipov, A., Kokin ,Ju., Karpuhin, D. (2009) suggest that the basic principles of the formation of the minimum set of food products are:

- 1) Satisfaction of needs of the main socio-demographic groups for nutrients, based on the chemical composition and energy value of food;
- 2) Prevailing power structure based on the actual food consumption in low-income families;
- 3) Selection of products to help organize healthy meals at a minimal cost;
- 4) The formation of the minimum food basket used operating in the Russian Federation norms physiological needs for nutrients for different groups of the population and the WHO recommendations;
- 5) Calculation of the chemical composition and energy value of the minimum set of food products is carried out in accordance with their loss when cooked.

The food included in a consumer basket of goods and services for the main socio-demographic groups of populations, in general across Perm Krai, are established in physical terms, in accordance with Annex 1 to the Federal Law "On the consumer basket in Perm Krai" № 224-PK of August 28, 2013.

Foodstuffs are classified into 11 categories (in accordance with Federal Law "On the consumer basket in Perm Krai" № 224-PK of August 28, 2013):

- 1) Grain products,
- 2) Potatoes,
- 3) Vegetables and melons,
- 4) Fresh fruits,
- 5) Sugar and confectionery,
- 6) Meat,
- 7) Fish,
- 8) Dairy products,
- 9) Eggs,
- 10) Butter and margarine,
- 11) Other foods.

As specialists of Institute of food of Russian Academy of Medical Sciences considered, alcoholic beverages, tobacco products and delicacies are not included to the composition of a food basket.

According to Federal State Statistics Service in Perm Krai, the cost of set of foods in Perm Krai constitutes about 3734 rubles (June 2016).

The Central Bank of the Russian Federation (2016) suggests that the consumer price index (CPI) measures changes over time in the cost of food and non-food goods and services consumed by an average household (i.e. the cost of a 'consumer basket'). It is determined by the ratio of cost of consumer basket in this period to its cost in the prices of the main period. CPI measurements can relate to different periods. It is most common to compare

the consumer price level for a certain month of the year with that for the previous month, or to compare it with the respective month of the previous year, or with December of the previous year. In Russia, collection, processing and presentation of the CPI data is in the competence of the Federal State Statistics Service. In it salary changes of the population, quantity and structure of consumption aren't considered.

3.8. Minimum consumer budget

Minimum consumer budget is the widest of three determinations (consumer basket of goods and services, minimum subsistence level and minimum consumer budget), reflects expenses on acquisition of set of goods and services for satisfaction of the basic physiological and social needs of the person, a family. Unlike a subsistence minimum, the minimum consumer budget is characterized by higher regulations of consumption and an expanded range of paid services. However, in Russia the concept of the minimum consumer budget comes down to a concept of minimum subsistence level (Arhipov, A., Kokin ,Ju.,, Karpuhin, D.,2009).

4. Analytical Part

The analytical part of this bachelor thesis focuses on analysis of results of the survey, which was held in the Perm Krai, precisely in Perm. The survey was in form of questionnaire method. 160 non-working pensioners took part in a questionnaire. 16% of questionnaire respondents (26 of the 160 pensioners) are males and 84% are females (134 of the 160 pensioners).

According to the Pension Fund of the Russian Federation (2016), there are 719 thousand pensioners in Perm Krai who receive pension and 73% (525 thousand) are officially non-working pensioners.

4.1. Housing and public utilities. SWOT analysis

According to my survey, 54% of pensioners in Perm Krai, precisely in Perm city, first of all pay for housing and public utilities. For this reason, I would like to begin an analytical part with the analysis of housing and public utilities. For this purpose, I will use the SWOT analysis. A SWOT analysis explained strengths, weaknesses, opportunities, and threats of the housing and public utilities, which is one of the main parts of the consumer basket in the Perm Krai.

Table 1: Housing and public utilities. SWOT analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Help of authorities of Perm Krai • Annual increase in old-age pension for elderly people • Compensation on payment for capital repair of apartment blocks in the amount of 50% or 100% • Subsidies provided to pensioners • Exemption from property-tax • A possibility of installation of meters of gas, heat consumption and water 	<ul style="list-style-type: none"> • Pensioners don't reach the age of receiving compensation for capital repair of apartment blocks • Annual increase in prices for tariffs of housing and public utilities • Payment for heating approximately 7-8 months in a year • Higher expenditures on electricity in Perm Krai • Re-application in six months to the authorities responsible for social welfare for provision of subsidies again
Opportunities	Threats
<ul style="list-style-type: none"> • Increase in old-age pension for elderly people • Heat meters, regulating the air temperature in the apartment • Compensation on payment for capital repair of apartment blocks in the amount of 100% for all pensioners, who have reached normal retirement age • A simplified procedure of receiving subsidies for pensioners • Increase the period of validity of subsidies 	<ul style="list-style-type: none"> • Increase in tariffs significantly exceeded the increase in average old-age pensions

Source: Own table

STRENGTHS

Help of authorities of Perm Krai is undoubtedly the main part of strengths.

It is important to notice that the Pension Fund of the Russian Federation increases pensions for elderly people every year. Figures from the table were presented in the form of a graph for better demonstration of changes in prices. Thus, the table 2, which is given below, illustrates that average old-age pension from 2010 year to 2012 year raises by 2091,5 rubles, which is 34,61 in percentage terms and represents the highest growth during the entire period. Between 2012 and 2013 year, the Pension Fund of the Russian Federation increased pension for elderly people by 10,85% which is 882,7 rubles. Between 2013 and 2014 increase in pension is equal 865 rubles, representing 9,59 %. For the 2014-2015 years, the minimum increase was recorded 8,72%, which is 862,9 rubles. From 2015 to 2016, average old-age pension increased by 11,15%, which is 1197,1 rubles.

From these calculations, it may be concluded that between 2010 year and 2016 year, the average old-age pension for elderly people increased by 5899,2 rubles, representing 97,6in percentage terms. On average, between the period of 2010 – 2016, average old-age pension for elderly people increased annually by 14.6%. In other words, every year, average old-age pension increased by 1179.84 rubles on average. The graph clearly demonstrates increase in average old-age pension for elderly people in Perm Krai. It is noteworthy that the minimum old-age pension in 2016 year for non-working pensioners is 8175 RUB/month (Rosstat, 2016)

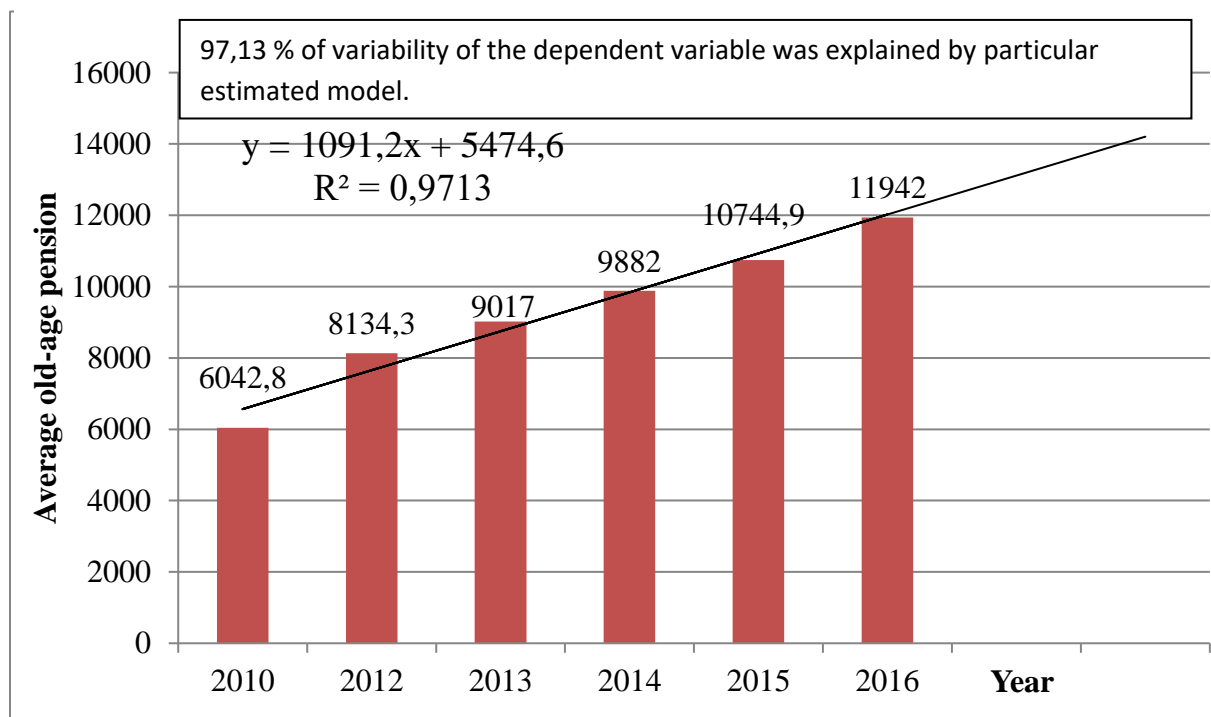
Table 2: The changes in old-age pension by year: year 2010-2016, except 2011

Period	Average old-age pension, (RUB)	Absolute increase, (RUB)	Growth rate, (percentage)	BI	CH
2010	6042,8	-	-	1	-
2012	8134,3	2091,5	34,61 %	1,346114384	1,346114384
2013	9017,6	882,7	10,85 %	1,492189051	1,108515791
2014	9882	865	9,59 %	1,635334613	1,09592991
2015	10744,9	862,9	8,72 %	1,778132654	1,08732038
2016	11942	1197,1	11,15 %	1,976236182	1,111410995

Source: Own table based on data from Rosstat (formerly, Goskomstat).

Mode of access: http://www.gks.ru/free_doc/new_site/population/uov/uov_p1.htm

Figure 1: The amount of pension chart by year: year 2010-2016, except 2011



Source: Own table based on data from Rosstat (formerly, Goskomstat)

The increasing trend line implies that there will be an increase in old-age pension in 2017.

It is noticeable that since January 1, 2016, non-working pensioners living alone who have reached 70-80 years old, receive compensation on payment for capital repair of apartment blocks in the amount of 50% (70 years old) and 100% (80 years old) (Federal Law of Perm Krai March 31, 2016 № 632-PK).

It is important to point out subsidies, which are provided to pensioners if spending on payment of housing and public utilities constitute more than 22% of total income. Subsidies are valid for six months.

According to the Article 407 of the Tax Code of the Russian Federation (part II) of 05.08.2000 № 117-FZ (as amended on 28 December 2016), pensioners are exempt from property-tax: blocks of flats, apartment, cottages, garages and other structure and premises.

Another good thing is that there is a possibility of installation of meters of gas, heat consumption and water. Pensioners can install double-rate counter which allows saving the electricity during the night. The principle of work is that the cost of electricity is twice cheaper during the night. For example, using the washing machine at night, the pensioner pays less than half.

WEAKNESSES

As I have already mentioned in a theoretical part of this thesis, life expectancy in Perm Krai is considerably lower than in other regions of Russia (females – 75 years, males - 63 years), therefore one of weaknesses is the fact that many pensioners don't reach the age of receiving compensation for capital repair of apartment blocks.

Every year in Russia, including Perm Krai, tariffs of housing and public utilities grow. I analyzed how tariffs in housing and public utilities have changed between 01.01.2015 and 31.12.2016.

Due to the climatic features of Perm Krai, pensioners having to pay for heating approximately 7-8 months in a year. Furthermore, as I said before in theoretical section, in Perm Krai there are 195 foggy days per year (Tartakovskij, 2012) and it is possible to conclude that expenditures on electricity in Perm Krai are higher, than in other regions of Russia.

Table 3: Tariffs and public utilities

Service name	Tariff	Approved by:
Cold-water supply	From 01.01.15 to 30.06.15 - 22,10rub/m ³	Resolution of Regional Tariff Service of Perm Krai of December 19, 2014 №361-v
	From 01.07.15 to 31.12.15 - 24,11 rub/m ³	
	From 01.01.16 to 30.06.16 - 30,41 rub/m ³	
	From 01.07.16 to 31.12.16 -30,41 rub/m ³	
Water disposal	From 01.01.15 to 30.06.15 -14,90 rub/m ³	Resolution of Regional Tariff Service of Perm Krai of December 19, 2014 №361-v
	From 01.07.15 to 31.12.15 -16,26 rub/m ³	
	From 01.01.16 to 30.06.16 -17,33 rub/m ³	
	From 01.07.16 to 31.12.16 -18,14 rub/m ³	
Hot-water supply "Motorostroitel"	From 01.01.15 to 30.06.15 – 127, 05rub/m ³	Resolution of Regional Tariff Service of Perm Krai of December 20, 2015 № 389-vg
	From 01.07.15 to 31.12.15 – 135,99 rub/m ³	
	From 01.01.16 to 30.06.16 - 135,99 rub/m ³	
	From 01.07.16 to 31.12.16 – 147,55 rub/m ³ <i>(From a heat-only boiler station belonging to OOO Perm Network Company)</i>	
Heating "Motorostroitel"	From 01.01.15 to 30.06.15 -1517,03 rub/Gcal	Resolution of Regional Tariff Service of Perm Krai of December 19, 2014 № 390-t
	From 01.07.15 to 31.12.15 -1643,13 rub/Gcal	
	From 01.01.16 to 30.06.16 -1677,83 rub/Gcal	
	From 01.07.16 to 31.12.16 -1756,69 rub/Gcal	
Electricity (gas stoves)	From 01.01.15 to 30.06.15 - 3,08 rub/ kWh	Resolution of Regional Tariff Service of Perm
	From 01.07.15 to 31.12.15 - 3,37 rub/ kWh	

	From 01.01.16 to 30.06.16 – 3,37 rub/ kWh From 01.07.16 to 31.12.16 – 3,62 rub/ kWh	Krai of December 20, 2015 № 111-je
Electricity (electric stoves)	From 01.01.15 to 30.06.15 - 2,15 rub/kWh From 01.07.15 to 31.12.15 - 2,39 rub/kWh From 01.01.16 to 30.06.16 – 2,39 rub/kWh From 01.07.16 to 31.12.16 – 2,57 rub/kWh	
Gas supply	From 1 July, 2015 - 5,13 rub/m ³ From 01.01.16 -to 30.06.16 - 5,13 rub/m ³ From 01.07.16 – to 31.12.16 -5,23 rub/m ³	Resolution of Regional Tariff Service of Perm Krai of June 20, 2016 № 1-g
Building maintenance	7,58 RUB per month	Resolution of Regional Tariff Service of Perm Krai of November 18, 2015 № 989-p

Source: Own table based on Resolutions of Regional Tariff Service of Perm Krai

Thus, the table, which is given above, clearly illustrate that the tariff for cold-water supply from January 1, 2015 to December 31, 2016 raises by 37,6 in percentage terms. The tariff for water disposal changed by 21,7% between the period of January 1, 2015 and December 31, 2016. Between January 1, 2015 and December 31, 2016 increase in tariff for hot-water supply is equal 16 %, according to one of the largest companies in Perm Krai for servicing the residential sector, called “Motorostroitel”. For the period of 01.01.2015 and 31.12.2016, the increase in the tariff of heating is 15,79%. Regarding electricity, for those elderly people whose apartments are equipped with gas stoves, the tariff for electricity raises by 17,53 in percentage terms and for those who use electric stoves, the increase in the tariff is equal to 19,5%, respectively. The tariff for gas supply raises by 2% between the period of July 1, 2015 and December 31, 2016. Since 2015, residents of Perm Krai began to receive a payment for building maintenance. In the future, the tariff will increase, but for the moment the tariff for the building maintenance is 7,58 rubles per month.

From these calculations, it may be concluded that between January 1, 2015 and December 31, 2016, tariffs for elderly people increased by 18,6 in percentage terms. Now it is possible to compare the average percentage increase in tariffs for 2015-2016 years and the percentage increase in pensions for the same period of time. From 2015 to 2016, average old-age pension increased by 11%. Thus, it may be concluded that the increase in tariffs for elderly people significantly exceeded the increase in average old-age pensions.

Subsidies, which are provided to pensioners, are part of strengths, as I have already mentioned. To weaknesses I would like to include the fact that in six months the pensioners must collect all documents again and re-apply to the authorities responsible for social welfare for provision of subsidies.

OPPORTUNITIES

Among opportunities in the analysis of housing and public utilities can be increase in old-age pension for elderly people.

Very significant opportunity is heat meters, regulating the air temperature in the apartment. If pensioners use less heat, then they will pay less for heating.

Opportunity which should immediately take into consideration is that all pensioners who have reached normal retirement age (females – 55 years old, males – 60 years old) should receive compensation on payment for capital repair of apartment blocks in the amount of 100%.

The procedure of receiving subsidies can be simplified for elderly people. It is noticeable that for most pensioners it is really hard to collect a set of documents for provision of subsidies, nevertheless they have to do it every six months. The period of validity of subsidies has to be, therefore, increased.

THREATS

According to the conclusion, which described above, the increase in tariffs for elderly people significantly exceeded the increase in average old-age pensions. This forces pensioners to move into apartments with lower living space.

Pensioners begin to save in connection with lack of financial resources. First of all, elderly people refuse to use electric kettle, also they refuse to use vacuum cleaner and washing machine.

4.3. Analysis of food goods in the consumer basket for pensioners in Perm Krai

4.3.1. The volume of consumption of food goods for pensioners in Perm Krai

According to the Article 2 of the Federal Law "On the consumer basket for the main socio-demographic groups of population, in general across Perm Krai " № 224-PK of August 28, 2013, pensioner in the course of the year can consume up to 103,4 kg of grain products, not more than 80 kg of potatoes, 110 kg of vegetables and melons, 45 kg of fresh fruits, 21,2 kg of sugar and confectionary, 54 kg of meat products and 17 kg of fish, 230 kg of dairy products, 200 pieces of eggs, 10 kg of butter, margarine or other kinds of fat, and 4,1 kg of other products, such as tea, salt and spices.

According to these official data, it is possible to calculate how much of food products a pensioner has to consume per month and per day, respectively.

This means that an ordinary pensioner in Perm Krai has to consume for conservation of health and vital activity 8,616 kg in a month of grain products, 5,833 kg of potatoes, 9 kg of vegetables and melons, 3,75 kg of fresh fruits, 1,76 kg of sugar and confectionary, 4,5 kg of meat and 1,416 kg of fish, 19,23 kg of dairy products, eat 17 pieces of eggs per month, 830 grams of butter, margarine or other fats, and 340 grams of other products, such as tea, salt and spices.

For normal existence, an ordinary elderly person from Perm Krai has to consume 280 grams of bread per day, 191 grams of potatoes, 300 grams of vegetables, 123 grams of fresh fruits, 58 grams of sugar and confectionary, 630 gram of dairy products, 27 grams of butter, margarine or other fats. And also, one time in two days a pensioner has to eat one egg, eat 147 grams of meat in a day or consume 330 grams of fish per a week.

Table 4: Annual, monthly and daily volume of consumption of food products for elderly people

Category	Elderly people		
<i>Grain products</i>	103,4 kg/year	8, 616 kg/month	280 gram/day
<i>Potatoes</i>	70 kg/year	5,833 kg/month	191 gram/day
<i>Vegetables and melons</i>	110 kg/year	9,166 kg/month	300 gram/day
<i>Fresh fruits</i>	45 kg/year	3,75 kg/month	123 gram/day
<i>Sugar and confectionery</i>	21,2 kg/year	1,76 kg/month	58 gram/day
<i>Meat</i>	54 kg/year	4,5 kg/month	147 gram/day
<i>Fish</i>	17 kg/year	1,416 kg/month	330 gram/week
<i>Dairy products</i>	230,8 kg/year	19,23 kg/month	630 gram/day
<i>Eggs</i>	200pieces/year	17 pieces/month	4 pieces/week
<i>Butter and margarine</i>	10 kg/year	830 gram/month	27 gram/day
<i>Other foods</i>	4,1kg/year	340 gram/month	80 gram/week

Source: Own table

Thus, the table, which is given above, clearly illustrate that an average pensioner in Perm Krai consume in the greatest amount dairy products, grain products, vegetables and melons, potatoes.

4.3.2. Changes in food price in the consumer basket between 2010 and 2016

It is important to notice that prices for food products in the consumer basket increase every year. I analyzed the changes in price for food products, according to the Territorial authority of Federal State Statistics Service in Perm Krai - “Permstat” between the period of 2010 and 2016. The data which are presented in the table are taken on average by the end of each year. As a monetary unit, the currency of the Russian Federation has been used, which is Russian ruble. At the time of writing the current bachelor thesis, the exchange rate

of 1 Czech Koruna equals to 2.36 Russian Ruble. 1 RUB equals 0,42 CZK. Information is provided according to Central Bank of Russia on December 27, 2016 at 14:16.

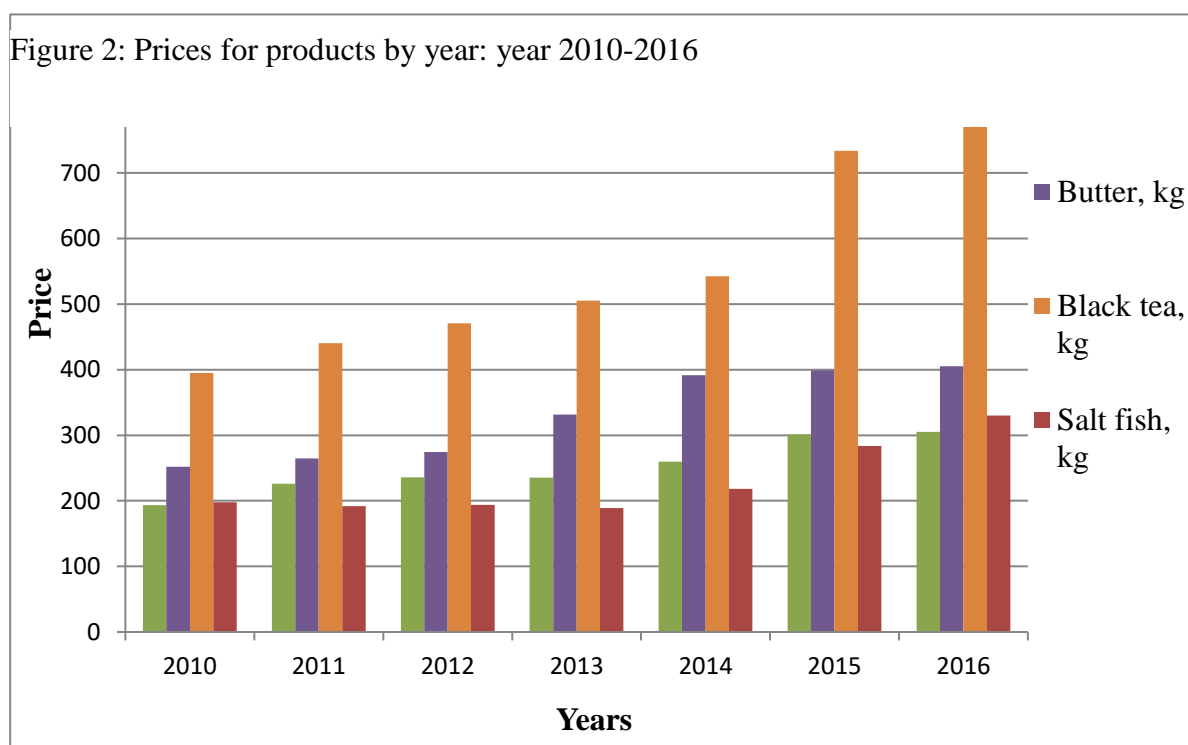
Table 5: Food prices by year: year 2010-2016

Year	2010	2011	2012	2013	2014	2015	2016	GR 2015/ 2016	AAGR
1.Grain products									
Bread and grains, kg	41,14	44,02	48,74	50,04	52,38	61,93	63,35	2,29%	8%
Wheat flour, kg	18,88	17,37	24,69	27,32	30,71	33,88	34,74	2,54%	12%
Rice, kg	42,11	41,36	44,81	46,25	53,88	69,7	67,03	-3,8%	9%
Pasta, kg	51,84	51,63	55,98	56,8	61,13	69,83	70,87	1,49%	5%
2.Potatoes, kg	32,85	11,06	13,77	20,56	22,69	19,34	22,29	15,2%	3%
3.Vegetables and melons									
White cabbage (fresh), kg	29,53	8,62	15,63	10,59	26,13	25,32	20,91	-17%	17%
Onions, kg	30,14	17	16,57	19,59	26,72	25,48	26,54	4,16%	1%
4.Fresh fruits									
Apples, kg	65,48	67,56	65,82	62,18	71,7	90,99	91,02	0,03%	6%
5.Sugar and confectionary	41,91	29,6	32,29	32,94	44,6	53,69	58,54	9,03%	8%

6.Meat									
Beef, kg	193,5	225,9	235,8	235,1	259,7	301,3	305,3	1,33%	8%
Pork, kg	197,4	221,9	228,7	226	258,5	272,8	268,4	-1,6%	5%
Chilled and frozen chicken, kg	104,7	102,2	114,4	106	133,9	129,4	129,3	-0,1%	4%
Boiled sausage, kg	231	245,5	263,4	269	263,2	290,8	293	0,76%	4%
7.Fish									
Frozen fish, kg	76,6	95,7	91	97,3	109,8	138,4	161,9	17%	14%
Salt fish, kg	197,9	191,9	194	189,1	218,4	283,8	330,1	16,3%	10%
8.Dairy products									
Butter, kg	251,7	264,5	274,2	331,5	391,3	398,8	405,1	1,58%	9%
Milk, 2.5-3.5% fat	30,55	31,62	33,12	36,95	40,54	43,76	42,77	-2,2%	6%
Cheese, kg	278	279	279,4	339,8	367,8	417,5	424,2	1,6%	8%
9.Chicken eggs, 10 pieces	36,2	39,38	42,32	55,02	54,85	63,85	50,02	-22 %	7%
10. Butter and margarine									

Sunflower oil, kg	78,76	83,27	84,44	79,5	77,61	114	115,5	1,32%	8%
11.Other foods									
Black tea, kg	394,7	440,4	470,8	505,4	542,2	733,7	800,7	9,13%	13%

Source: Own table based on data from Territorial authority of Federal State Statistics Service in Perm Krai - «Permstat»



Source: Own table based on data from Permstat

There are four specific examples from the table 5 that are presented in the form of graph for better demonstration of changes in prices. Rising food prices is visible using meat, namely, beef as an example. Thus, the table 5, which is given above, clearly illustrate that the largest increase in price for beef was between 2010 to 2011 years and was equal to 16,72%. From 2011 to 2012 the price raises by 4,38 in percentage terms. Between 2012 and 2013 there was a slight decrease in a price for beef and it was equal 0,3 %. The price for beef raises by 10,48% between the period of 2013 and 2014, for 16% between 2014 and 2015 and it was also a slight increase in price, by 1,33% between 2015 and 2016 years.

From these calculations it may be concluded that in comparison 2010 year and 2016 year, the price for beef increased by 111,78 rubles, representing 57,75 in percentage terms. The changing in price between 2010 and 2016 on average is 8,14%.

Furthermore, the changes in price are provided in the case of black tea and constitute 11,58% between the period of 2010 and 2011 years. The price for black tea changed by 6,90% between the period of 2011 and 2012. Between 2012 and 2013 years, increase in price for black tea is equal 7,34%, according to the data from “Rosstat”, formerly “Goskomstat”. For the period of 2013 and 2014, the price for black tea raises by 7,28%. The largest increase in price for black tea was recorded between the period of 2014 and 2015 and reached 35,32 in percentage terms. From 2015 to 2016 years, the price changed by 9,13%.

Based on these calculations it can be concluded that in comparison 2010 year and 2016 year, the price for black tea increased by 406,05 rubles, representing 102,87 in percentage terms. The prices for black tea have not fallen for the entire period. Furthermore, it is important to note that between 2010 and 2016 the price raises on average by 13 percent.

On the basis of the calculations in the last column in the following table, which is given above, it is possible to clearly see increase or decrease in food price in the consumer basket between 2015 year and 2016 year. Thus, it may be concluded that during one year in Perm Krai most of products became more expensive. This is particularly relevant for frozen fish

(the price raises by 17%) and salt fish (the price raises by 16,3%), potatoes (the price raises by 15,2%), and black tea (the price raises by 9,13%). The largest decline in price was observed for the chicken eggs (the price has fallen by 21,6 %) and for white fresh cabbage (the price has fallen by 17,4 %). It can be established that on average between 2015 year and 2016 year the price for food products in the market basket raises by 2,01%.

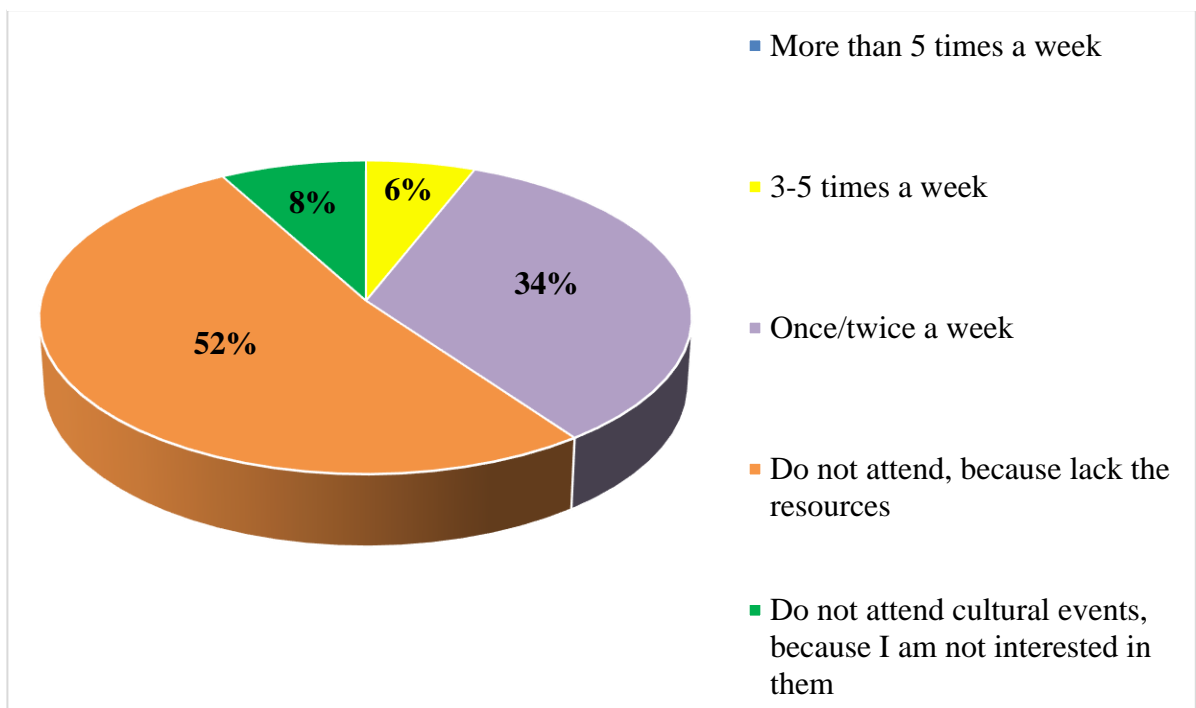
From 2010 to 2016, the arithmetic average of changes in price for food products in the consumer basket overall equals 7,76 in percentage terms.

Now it is possible to compare the average percentage increase in tariffs of housing and public utilities for 2015-2016 years, the percentage increase in pensions for elderly people and the percentage increase in price for food products for the same period of time. From 2015 to 2016, average old-age pension increased by 11%, tariffs for elderly people increased by 19 in percentage terms and prices for food products raise by 2%.

4.3.3. Analyzing the results of questionnaire. Relation between old-age pension for non-working elderly people and the cost of the consumer basket in Perm Krai in 2016 year

Unfortunately, most part of the interviewed persons (52%) do not attend cultural events, because lack the resources.

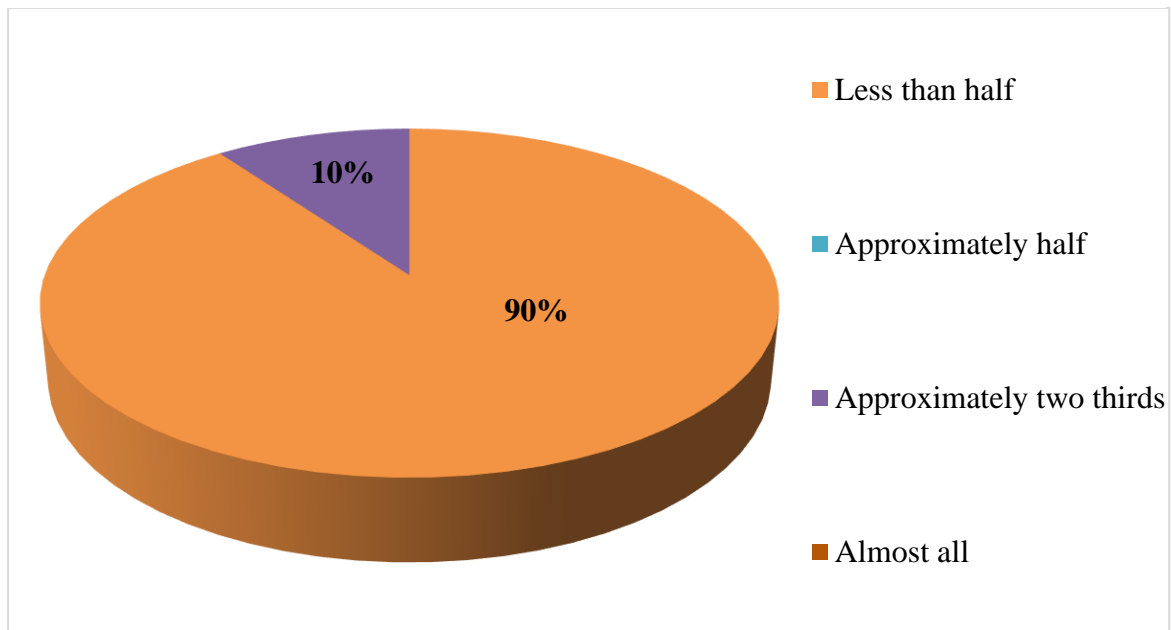
Figure 3: The frequency of visits to cultural events by pensioners



Source: Own figure based on own questionnaire

Less than half part of the old-age pension among the interviewed pensioners (90%) is spent on non-food goods, precisely on sanitation and hygiene.

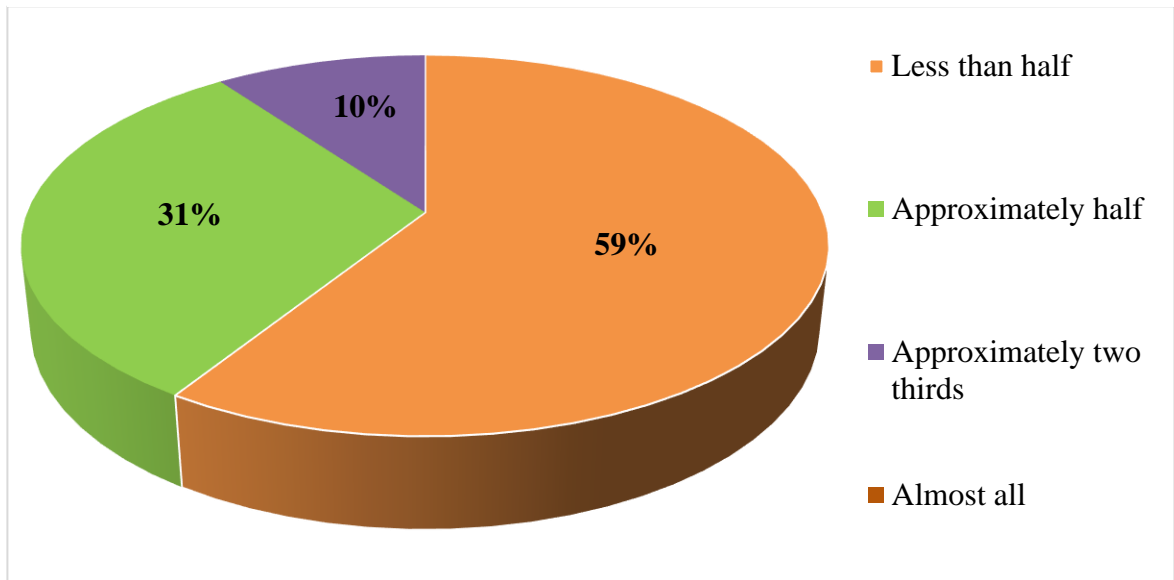
Figure 4: Part of the pension spent on non-food goods, precisely on sanitation and hygiene



Source: Own figure based on own questionnaire

The public in general tend to believe that each pensioner spends at least some part of money on medicines. According to the analysis of my survey, 59% of the respondents spend less than half part of the old-age pension on medicines. But on the other side of the coin, there are also figures that 31% of pensioners spend approximately half of their pension on medicines. It is also important to point out that, 46% spend money on medicines from pension after they paid for housing and public utilities as well as they bought food goods.

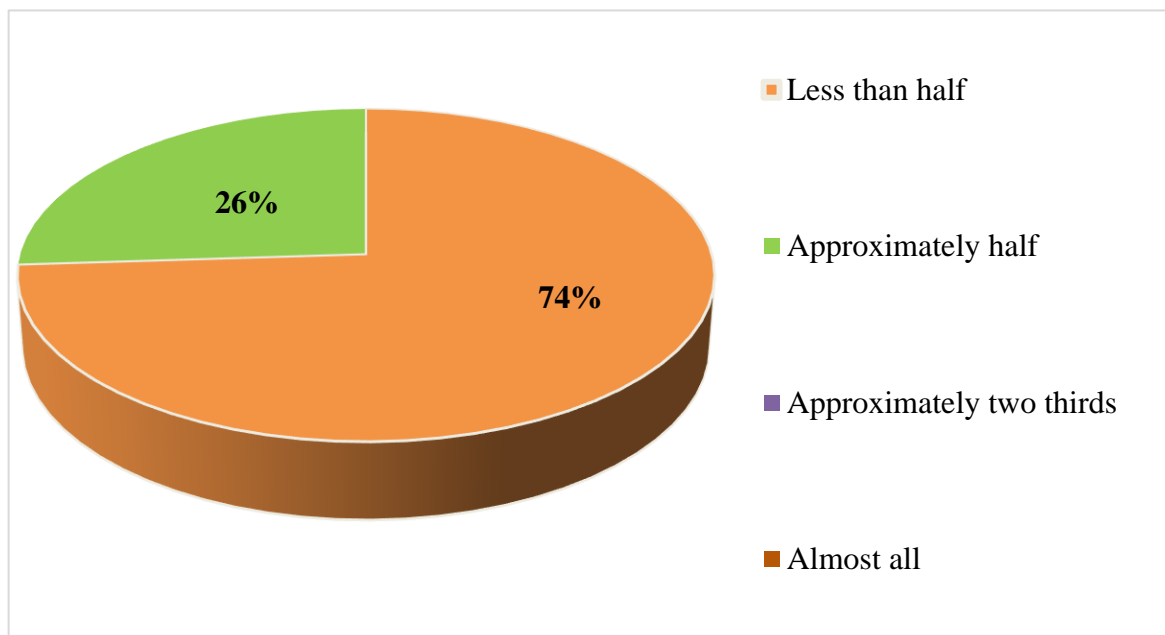
Figure 5: Part of the pension spent on medicine



Source: Own figure based on questionnaire

First and foremost, according to my survey, more than half of pensioners in Perm Krai (54%), precisely in Perm city, first of all pay for housing and public utilities. One should note here that 74 percent of the respondents spend less than half part of the old-age pension, which is the only income, on housing and public utilities.

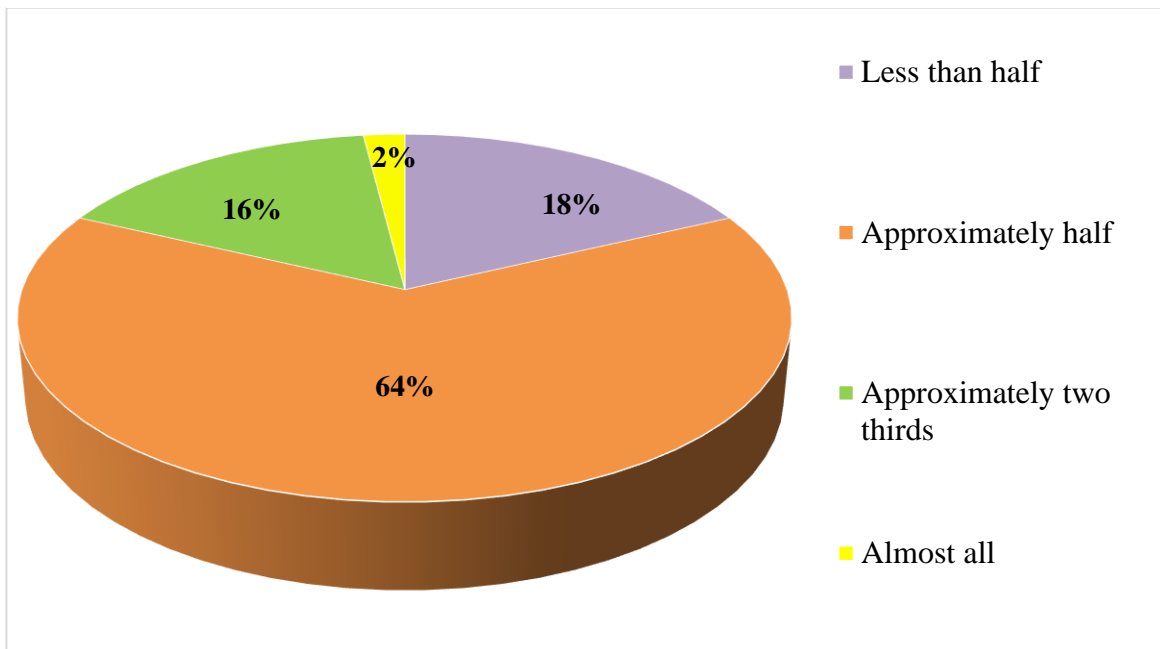
Figure 6: Part of the pension spent on housing and public utilities



Source: Own figure based on own questionnaire

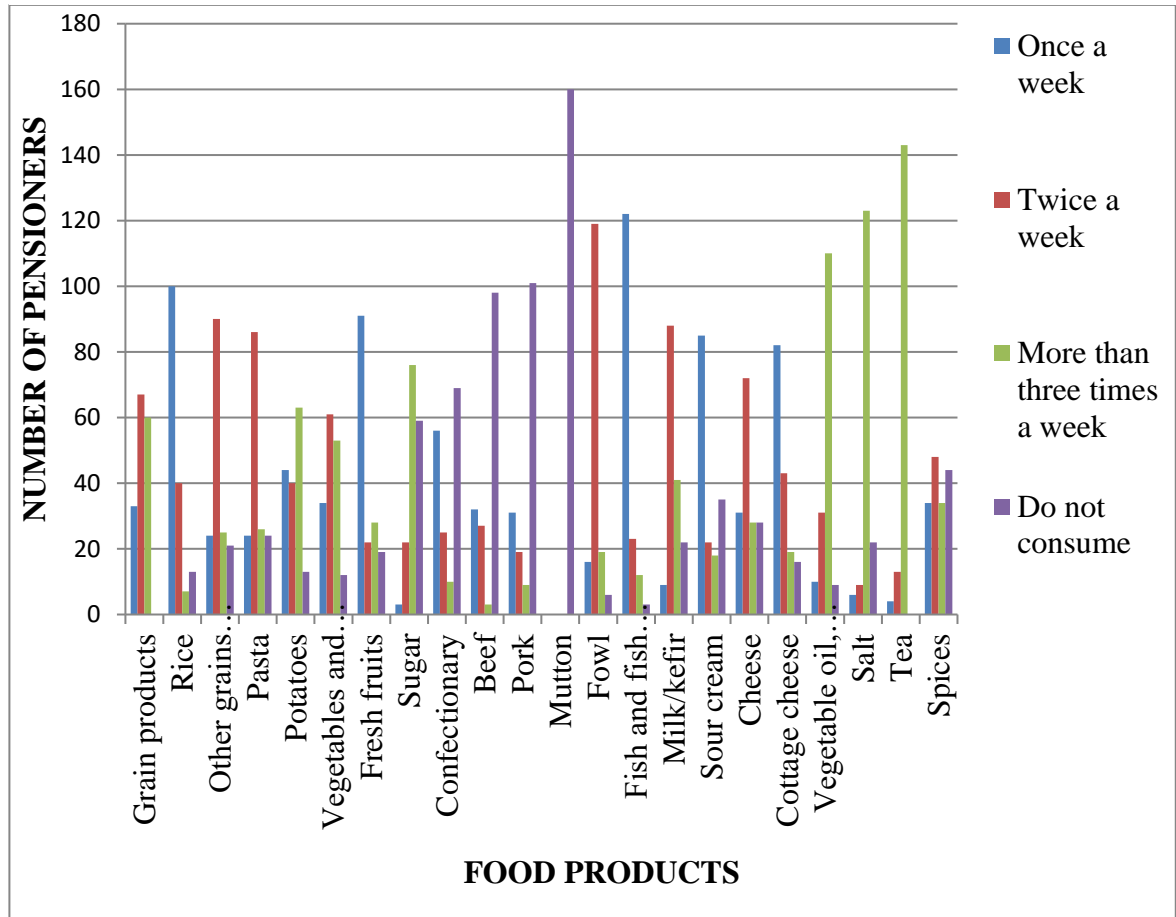
Approximately half of the old-age pension among the interviewed elderly people (64%) is spent on food products. It is interesting to note here, that in accordance with results of a questionnaire, 42% of the interviewed persons spend money on food products after they paid for housing and public utilities which they perceive as primary expenses. But there are another 34% of people, who responded that food goods are the most important expenses in the consumer basket of goods and services.

Figure 7: Part of pension spent on food products



Source: Own figure based on questionnaire

Figure 8: The volume of consumption of food products according to questionnaire responses



Source: Own table based on questionnaire

An analysis of the information indicated that an ordinary pensioner in Perm consumes potatoes, sugar, vegetable oil, margarine or other fats, salt and tea every day. On the other hand, a pensioner in Perm does not consume confectionary, beef, pork and mutton. For instance, based on questionnaire results, 43% of respondents do not consume confectionary at all, and 35% consume it once a week. It is noticeable that 100% among the interviewed elderly people do not consume mutton, 63% do not consume pork and 61% do not consume beef. For comparison, based on data for 2016 year from Territorial authority of Federal State Statistics Service in Perm Krai, beef is 58% more expensive than chicken.

What is more, the following products pensioners prefer to eat approximately twice a week: grain products (42% of respondents), other grains (except rice) (56%), pasta (54%), vegetables and melons (38%), fowl (74%), milk/kefir (55%), cheese (46%) and also add spices in the food (30%). Moreover, 62 percent of the respondents consume rice once a week. Unfortunately, 57% among the interviewed elderly people consume fresh fruits only once a week. One should note here that based on Article 2 of the Federal Law "On the consumer basket for the main socio-demographic groups of population, in general across Perm Krai " № 224-PK of August 28, 2013, an ordinary pensioner has to consume 45 kg of fruits per year and approximately 123 grams per day. Most part of the interviewed persons (76%) eat fish and fish products once a week. Besides, 53% of respondents consume sour cream once a week and 51% of them eat cottage cheese once a week. One should, however, not forget that 100% among the interviewed pensioners limit themselves with food products in connection with insufficient old-age pension.

5. Conclusion

The main purpose of this thesis was the analysis of the consumer basket for the non-working pensioners in the Russian Federation, precisely in Perm Krai. Climatic conditions have a strong impact on the lives of pensioners and respectively on the consumer basket of goods and services. The current thesis was written, considering these particularities. Three components of consumer basket of goods and services were considered in the theoretical section; food-goods, non-food goods and services. The following terms were described: "consumer basket of goods and services," "subsistence minimum level," "minimum consumer budget."

The analytical part of this bachelor thesis focusses on analysis of results of the survey, which was held in Perm Krai, precisely in Perm. Monthly expenditure of non-working elderly people based on importance were examined and described. To explore the housing and public utilities, which is one of the main parts of the consumer basket in the Perm Krai, a SWOT analysis has been used. Thus, explaining the strengths, weaknesses, opportunities, and threats of the housing and public utilities.

In accordance with results of a questionnaire, non-working pensioners in Perm Krai spend money on food products right after they paid for housing and public utilities, which they perceive as primary expenses. According to my survey, half of the old-age pension among the interviewed elderly people (64%) is spent on food products. Emphasis was placed on food goods because the largest part of old-age pension is spent on it.

After analysis of the official data from the State Committee on Statistics of the Russian Federation - Rosstat (formerly, Goskomstat) and Territorial authority of Federal State Statistics Service in Perm Krai - Permstat, it was determined that, ***between 2015 and 2016, the average old-age pension increased by 11%, tariffs for elderly people increased by 19%, and prices for food products raised by 2%.***

Thus, it may be concluded that the increase in tariffs for elderly people significantly exceeded the increase in average old-age pension. Furthermore, during one year in Perm Krai most food products became more expensive. Consequently, pensioners begin to save in connection with lack of financial resources. Elderly people refuse to use electric kettles,

vacuum cleaners, and washing machines. All people among the interviewed pensioners limit themselves with food products in connection with insufficient old-age pension. Furthermore, according to my survey, most part of the respondents (52%) do not attend cultural events because they lack the resources.

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7. Appendices

7.1. Questionnaire of non-working pensioners in Perm Krai

Hello,

This questionnaire was established to gather data for analysis of a consumer basket of goods and services of non-working pensioners in Perm Krai, who have reached a normal retirement age (normal retirement age is 60 years old for men and 55 years old for women). Please take a few minutes to respond to the questions given below.

1. Sex (please put a tick next to the answer of your choice)

	Male
	Female

2. Please distribute your monthly expenses, ranging according to the importance degree. (Where figure 1 is your paramount expenses, and figure 7 means your final/last expenses).

	Food goods
	Non-food goods (clothing and footwear)
	Non-food goods (sanitation, hygiene)
	Housing and public utilities
	Transport
	Cultural services
	Medicines

3. Please specify how often you consume listed food products. *(Please choose one of the options and put a tick next to your answer).*

	Once a week	Twice a week	More than three times a week	Do not consume
Grain products				
Rice				
Other grains (except rice)				
Pasta				
Potatoes				
Vegetables and melons				
Fresh fruits				
Sugar				
Confectionary				
Beef				
Pork				
Mutton				
Fowl				
Fish and fish products				
Milk/kefir				
Sour cream				

Cheese				
Cottage cheese				
Vegetable oil, margarine and other fats				
Salt				
Tea				
Spices				

4. What part of your pension do you spend on food products? *(Please put a tick next to the answer of your choice)*

	Option
	Less than half
	Approximately half
	Approximately two thirds
	Almost all

5. Do you need to limit yourself with food products in connection with lack of funding? *(Please put a tick next to the answer of your choice)*

	Option
	Yes (please specify)
	No

6. What part of your pension do you spend on housing and public utilities? (*Please put a tick next to the answer of your choice*)

	Option
	Less than half
	Approximately half
	Approximately two thirds
	Almost all

7. How many times a week do you use public transport? (Please specify approximately)

8. How often do you attend cultural events? (Theater, cinema, concerts..)

	Option
	More than 5 times a week
	3-5 times a week
	Once/twice a week
	Do not attend, because lack the resources
	Do not attend cultural events, because I am not interested in them

9. What part of your pension do you spend on non-food goods, precisely on sanitation and hygiene? *(Please put a tick next to the answer of your choice)*

	Option
	Less than half
	Approximately half
	Approximately two thirds
	Almost all

10. What part of your pension do you spend on medicines? *(Please put a tick next to the answer of your choice)*

	Option
	Less than half
	Approximately half
	Approximately two thirds
	Almost all

Thank you for taking time out to participate in my questionnaire. I truly value the information you have provided (you will remain anonymous). Your responses are vital for my survey.