



DEPARTMENT OF STATISTICS MALAYSIA

PRESS RELEASE

HOUSEHOLD INCOME ESTIMATES AND INCIDENCE OF POVERTY REPORT,
MALAYSIA, 2020

The Household Income Estimates and Incidence of Poverty Report, Malaysia, 2020 which contains the findings of COVID-19 impact study on household income in Malaysia for the year 2020. This report also includes the estimation on incidence of poverty in Malaysia in the same year.

The analysis was carried out based on data from Household Income and Basic Amenities Survey (HIS/BA) 2019 taken into account several indicators related to household income including average salary and wages, employment structure, economic performance by sector, household demography as well as value of assistance provided by the government throughout the year 2020. This report presents selected statistics related to income distribution, household structure and incidence of poverty in Malaysia for 2020. The impact of the pandemic can be assessed further through the Household Income and Basic Amenities (HIS/BA) Survey which will be conducted in 2022.

There are four sources of income which are paid employment, self employment, property & investment and current transfer received. In 2020, paid employment and self employment which were the main sources of income recorded a decrease of negative 16.1 per cent and negative 9.7 per cent respectively. Thus, the mean of monthly household gross income decreased by negative 10.3 per cent to record RM7,089 as compared to RM7,901 in 2019. The decline was contributed by households or individuals who experienced loss or reduction of income particularly those with the status of employee, self-employed and others. Furthermore, this reduction of income was not only caused by job loss but also contributed by the reduction of working hours and increase in skill-related underemployment. Meanwhile, the median of monthly household gross income also registered a decline of negative 11.3 per cent as compared to 2019. The value of median of monthly household gross income in 2020 was RM5,209 (2019: RM5,873).

With regards to household distribution by decile, a majority of households experienced a decline in income whereby many households from higher income decile group shifted to lower income group. In 2020, there was an additional of 12.5 per cent of households with income less than RM2,500. Meanwhile, 20.0 per cent of households from the M40 group with income between RM4,850 and RM10,959 has moved to the B40 group. Households in the T20 group were also affected by COVID-19 pandemic where 12.8 per cent of this group has shifted to the M40 group. As the percentage decrease in income for B40 and M40 households was larger than T20 households group, the income distribution for B40 and M40 declined to 15.9 per cent (2019: 16.0%) and 36.9 per cent (2019: 37.2%) respectively. Meanwhile, T20 group owned 47.2 per cent of income, increased by 0.4 percentage points from 2019.

Chart 1: Mean and Median of Monthly Household Gross Income by State, Malaysia, 2019 and 2020

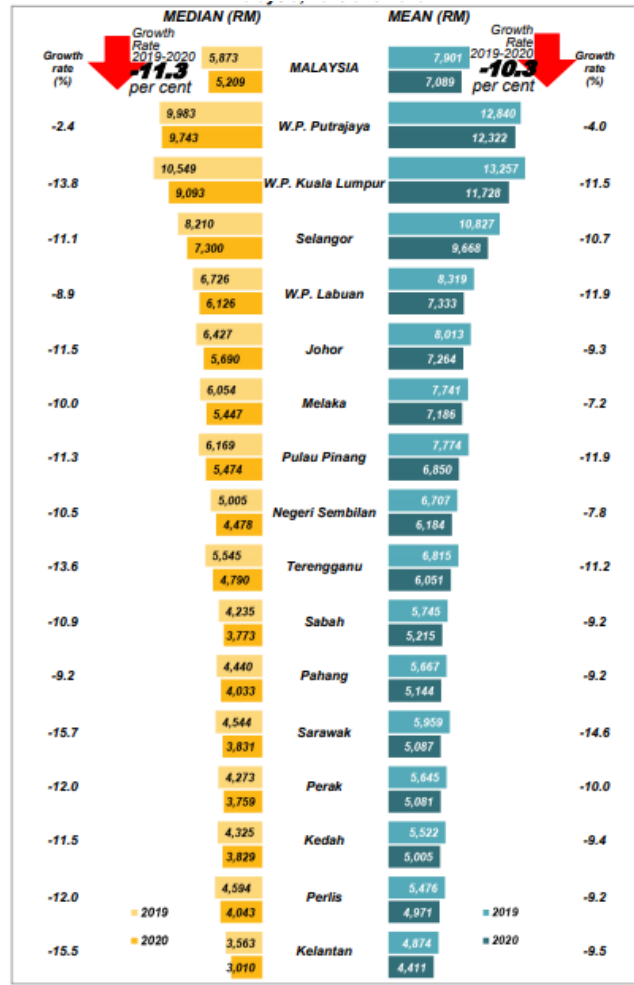
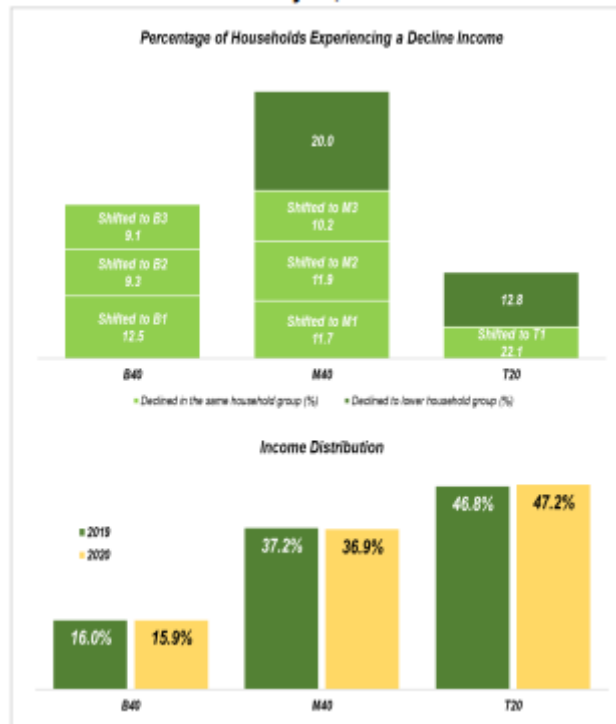


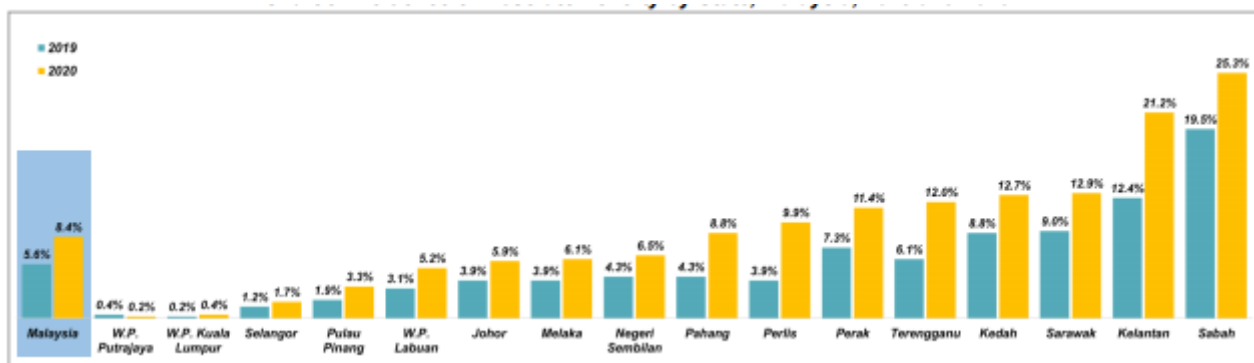
Chart 2: Percentage of Household Experiencing Income Decline and Income Distribution by Household Group, Malaysia, 2020



Based on the study, the number of poor households increased to 639.8 thousand households in 2020 as compared to 405.4 thousand households in 2019. The incidence of absolute poverty also increased from 5.6 per cent (2019) to 8.4 per cent. Meanwhile, the incidence of hardcore poverty is estimated to increase from 0.4 per cent (2019) to 1.0 per cent which involved

78.0 thousand households (2019: 27.2 thousand households). The incidence of absolute poverty by state shows that Sabah recorded the highest percentage of 25.3 per cent (2019: 19.5%). Kelantan recorded a significant increase in poverty by 8.8 percentage points to 21.2 per cent from 12.4 per cent (2019), followed by Terengganu by 5.9 percentage points to 12.0 per cent from 6.1 per cent (2019).




Chart 3: Incidence of Absolute Poverty by State, Malaysia, 2019 and 2020



Overall, the outbreak of COVID-19 pandemic has had a significant impact on the household income and subsequently affected the structure of household groups. The impact may be temporary as the economy is expected to improve and recover as the spread of pandemic can be contained. From this analysis, it is found that the role of the federal and state government as well as other relevant parties are pertinent in cushioning the impact of the pandemic as well as towards reviving the household income and the country's economy. The next HIS/BA will be conducted in 2022 for the period of 12 months nationwide. The analysis from this survey will not be limited to only national and state levels, but up to the administrative district level.

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6 August 2021

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