



### Economic Analysis for Some Main Expenditure Items of the Egyptian Household

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**Abstract :** Food is considered one of the most important basics of life that the state is highly interesting to provide for all citizens since it plays an important role in keeping the individual's health, vitality and his ability to work and produce. Spending money on food and drinking occupies the greatest share of the total consuming spending in the developing countries since it is valued by about 73-80% and by about 9-36% in the developed countries from the total consumer spending (4).

The aims of the study was formulated to give knowledge and the relative important of the main expenditure items for the Egyptian household in Egypt. The reveal also highlighted the most important economic and social factors governing expenditure.

In addition, the study compered the results between two periods (2004 -2005), (2012 - 2013) and revealed the productive flexibility of the items, it was evident from the study that there was proportional relation between the H.H size and the expenditure of food, clothing, education and communication in the two periods.

**Key words:** expenditure, social, welfare, consumption, flexibility, economic.

#### Introduction

The study of consumption and analysis of its mods and direction is considered the principal basic and important tool which helps in planning and putting the suitable economic policies for the national income and the effect of these policies on the society welfare and reaching its developing the goals.

The study of the variations in the ways of household<sup>1</sup> expenditure in all rural and urban areas of Egypt and the extent of the fair share of the national income between then is essential for those who put the economic policies, and the extent of the effect of these variations on the expenditure ratios through different periods. This reflects the standard of the present and future welfare of the whole population.

#### The Research Problem:

The study problem deals with the economic, social, and political variations in Egypt which affected directly or indirectly the individuals income, which is reflected in turn on the ways of the household expenditure allover Egypt, especially on the main items this is reflected in the society welfare.

#### Aim of the study:

The study aims at revealing the effect of the variations in the household (H.H) expenditure on the main items (e.g. food, clothing, housing, education, health care and communications) in rural and urban Egypt to analyses the income, expenditure and consumption in the periods (2004/2005) and (2012/2013).

**Firstly:** The relative importance of the household (H.H.) expenditure on the main items in rural and urban areas all over the country.

**Secondly:** The study of the effect of H.H. size, the educational status of its head and his main sector and the income groups on the relative importance of the main expenditure groups in all rural and urban areas of Egypt.

**Thirdly:** The comparison between the two periods of study (2004/2005) and (2012/2013) to know the variations in the main expenditure groups and their effect on the society welfare.

**Fourthly:** Studying the flexible expenditure of some main items.

#### **The research elements and information sources:**

The study depended on qualitative and quantitative analysis using different statistical parameters and relative importance.

#### **The relative importance of the annual expenditure for the H.H. in some main expenditure groups according to the H.H. size in the periods (2004/2005 and 2012/2013):**

There was an increase in annual expenditure on food and drinks with the increase in family size where it increased from 52.3% to 62.5% in the period (2004/2005) with an average value of 56.7%. There is also an increase in the same item from 45.4% to 55.6% for the consumption of categories  $\geq 8$  with an average value of 48.9% in the period (2012/2013).

The annual expenditure on housing and health care has decreased by increasing the family size from 1 to  $\geq 8$  and more from 30% to 17% with an average value of 21.8% in the period (2004/2005) and from 33.7% to 18.8% by an average value of 25% in the period (2012/2013).

The expenditure on clothing has increased from 6.3% to 11% with an average value of 9.7% in the first period, and from 3.1% to 8.2% with an average value of 6.5% in the second period.

The expenditure on education has increased from 0.13% for one person to about 5.7% for 5 persons group, and then decreased to about 4% for group  $\geq 8$ , with an average value of 3.2% in the first period. The expenditure on education in the second period has increased from 0.1% for one person to about 7.6% for five persons group with an average value of 3.9%.

The expenditure on communications has increased from 2.9% for one person group to about 3.6% for 5 persons group then in the second period decreased to about 1.6% for group  $\geq 8$  and more persons group in the first period, while increased from 2.3% for one person group to about 3.4% for 5 persons group then decreased to about 2.2% for the last group ( $\geq 8$  persons) all over Egypt (table 1).

This is attributed to the inflexibility of the demand at 5 individuals level (grade) then, flexibility starts to decline for reducing family income by increasing the number of individuals, thus, lowering what has been a great upon.

The comparison between the Egyptian rural and urban sectors in their expenditure on food and drinks showed that it was 60% in the rural sector and 53.9% in the urban sector in the first period, while it was 52.5% and 45.5% in the second period for the rural and urban sectors, respectively.

#### **The relative importance of the annual H.H. expenditure on some main items according to the education status of the H.H. head in the periods (2004/2005 and 2012/2013):**

Table (2) reveals a decrease in the annual household expenditure on food and drinks with increase in the educational status of the H.H. head. The expenditure has decreased from about 62.4% for illiterate to 47.4% for the highly educated in the period (2004/2005) with an average value of 56.5%, while in the period (2012/2013) decreased from about 54% for the illiterate to about 40.9% for the highly educated with an average value of 49.3%. The expenditure on clothing has increased from about 9.1% for the illiterate to about 12% for the highly educated in the first period and from 6.3% for the illiterate to 7.6% for the highly educated in the second period.

The expenditure on housing (table 2) seems to be the same for the different educational levels by about 20% in the first period, and increased in the second period from 22.9% to 26.7% for the illiterate and the highly educated respectively.

The expenditure on health care has increased from 4.7% for illiterate to about 5.6% for the highly education in the first period, and ranged from 12.6% for illiterate and 11.3% for the highly educated in the second period.

The expenditure on education has increased from 2.1% to 7.6% in the first period and from 2.2% to 9.4% in the second period, while for communications item has increased from 1.3% to 5.8% in the first period, and from 2% to 4.1% in the second period all over the country.

The comparison between the rural and urban sectors revealed the increase of the expenditure ratios on food and housing in rural relative to the urban with an average value of about 59% for food and drinks versus (vs.) 55.1% in the first period and 52.2% vs. 47% in the second period. While expenditure on housing was 21.4% in rural and 19.3% for urban in the first period, and about 21.3% for rural, 24.9% for urban in the second period. The % expenditure on health care was equal mostly in all categories. In the second period with an average value 12% relative to 4.5% for rural and 6% for urban in the first period. The mean expenditure on education was about 5.1% relative to 2.3% for rural and urban sectors in the first period, vs. about 6.1% for urban, 3.9% for rural in the second period. It is worthy to note that a group of literacy certificate has been added in the second period (2012/2013).

#### **The relative importance of the household annual expenditure on some main items according to income categories in the periods (2004/2005 and 2012/2013):**

The income categories are divided to twenty category ranging from LE, 2000 to LE. 100000. The mean expenditure on the studied items was about 54.4, 9.9, 22, 5.6, 5.1 & 3.1% on food and drinks, clothing housing, health care, education and communications, respectively in the period (2004/2005) vs. about 51.9, 5.2, 25, 12.4, 3.03 & 2.2% in the period (2012/2013). The expenditure on food has decreased to less than 50% at the LE. 30000 category by about 43.7% to about 30.8% for the last category in the period (2004/2005) vs. 48% & 27.8% in the period (2012/2013). In the same time, the expenditure on education and communications has raised starting from the same category of LE. 30,000 by about 10.1% & 6.3% to 18.8% & 6.5% for the category of L.E. 100,000 in the first period vs. 6.7 & 3.4% for the category of L.E. 30,000 to about 6.5 & 4.2% for the L.E. 100,000 category in the second period. Considerable variations in the expenditure ratios on housing with a maximum of 28.4% for the L.E. 2000 category and a minimum of 17.7% for the categories L.E. 15000-20000 in the first period vs. a minimum for housing by a ratio of 14.4% for the L.E. 2000 category to about 45.4% for the L.E. 15000 category in the second period. The expenditure on health care has raised by about 7.9%, 12.1% for the L.E. 100,000 category in the two periods all over Egypt.

Comparison between rural and urban sectors revealed an increase in expenditure on food and housing for rural sector where it arrived at 90% and more for the category of less than L.E. 2000 to about 79.6% for the L.E. 13000 category then decreased to about 75.9% for the category of more than L.E. 100,000 in the period (2004/2005) vs. 88.5% for the category of less than L.E. 2000 to 76.5% for the L.E. 11500 then decreased to about 53.4% for the category of over L.E. 100,000 for urban in the same period. The expenditure on food and housing in the second period arrived at 67.1%, 68.2% for urban and rural, respectively for the category less than L.E. 2000 while arrived at 59.6%, 62.9% for the category of more than L.E. 100,000 for urban and rural, respectively.

Comparison of the relative importance of H.H. annual expenditure on the main items according to the income categories in the two periods of study (2004/2005 and 2012/2013) revealed a decrease in the expenditure on food, clothing, education and communications in the period (2012/2013) relative to (2004/2005), while increased for housing and health care.

**Table (1): A relative importance of household annual mean expenditure on some main items according to household size all over the country in the periods (2004/2005 and 2012/2013)**

Family size	Food & Drinks		Clothing Fabrics, Shoes		Housing and Accessories		Health Care		Education		Communications	
	1 <sup>st</sup> period	2 <sup>nd</sup> period	2004/2005	2012/2013	2004/2005	2012/2013	2004/2005	2012/2013	2004/2005	2012/2013	2004/2005	2012/2013
1	52.3	45.4	6.3	3.1	30	33.7	8.4	15.4	0.13	0.1	2.9	2.3
2	54.9	45.7	8.5	4.8	25.3	28.4	7.4	17	0.5	1.2	3.4	2.9
3	56.1	47.4	9.6	6.2	22.8	27.3	6.2	13.2	1.9	2.5	3.4	3.4
4	55.4	48.4	10.7	7.2	20.6	24.3	5	11.2	4.7	5.6	3.6	3.3
5	56.5	48.6	10.8	7.7	19.2	22	4.6	11	5.7	7.6	3.2	3
6-7	59.2	51.2	11.1	8	16.1	20.2	4.2	11	5.0	6.9	2.4	2.7
≥8	62.5	55.6	11	8.2	17	18.8	4.2	11.2	4.0	3.9	1.5	2.2
Average	56.7	48.9	9.7	6.5	21.8	25	5.7	12.9	3.2	3.9	2.9	2.8
<b>B. Table (1) Continued: On Urban Egypt Level</b>												
1	50.8	43.4	7.0	3	28.6	35.4	9.5	15.1	0.18	0.12	3.9	2.9
2	52.8	43.4	9.1	4.6	24.35	29.8	8.5	17	0.7	1.8	4.6	3.4
3	53.5	44.3	10.2	6.2	21.7	29.2	7.1	12.9	2.7	3.3	4.6	4.1
4	52.3	44.6	11.15	7.6	19.6	25.8	5.5	10.9	6.6	7.7	4.8	3.8
5	53.45	44.9	11.3	7.3	18.2	23.1	5.1	10.2	7.7	10.8	4.2	3.6
6-7	55.8	46.8	11.6	7.6	17	21.1	4.9	10.8	7.	10.3	3.6	3.3
6-7	58.8	53.1	11.5	7.8	15.7	19.2	4.8	10.7	6.5	6.5	2.7	2.7
Average	53.9	45.8	10.3	6.3	20.7	26.2	6.9	12.5	4.2	5.8	4.1	3.4
<b>C. Table (1): Cont.: On rural Egypt level</b>												
1	5.4	48.2	5.1	3	32.3	29.2	6.3	18.5	0.01	0	1	1.3
2	58.4	49.3	7.5	5.2	26.9	26.1	5.5	17	0.2	0.4	1.5	2.1
3	59.7	51.5	8.7	6.3	24.7	24.8	4.7	13.5	0.7	1.4	1.5	2.5
4	60.5	53.44	9.82	7.4	22.3	22.3	4.25	11.7	1.5	2.71	1.7	2.5
5	60.5	52.6	10.25	8.0	20.6	20.9	3.9	11.8	3.04	4.3	1.6	2.4
6-7	61.8	54.1	10.7	8.2	18.9	19.6	3.6	11.1	3.4	4.7	1.5	2.3
6-7	63.4	56.4	10.8	8.3	17.6	18.7	4	11.4	3.02	3.1	1.2	2.1
Average	60	52.5	9	6.6	23.3	23.1	4.6	13.5	1.7	2.4	1.4	2.2

The data were collected and computed from data of CAPMAS.

CAPMAS: Central Agency for Public Mobilization and Statistics V.IV, (2004-2005), (2012, 2013).

**Table (2): A:Relative importance for household annual mean expenditure on some main items according to the household head educational status allover Egyptian in the periods (2004/2005 and 2012/2013)**

Education	Food & Drinks		Clothing Fabrics		Housing and Accessories		Health Care		Education		Communications	
	2004/2005	2012/2013	2004/2005	2012/2013	2004/2005	2012/2013	2004/2005	2012/2013	2004/2005	2012/2013	2004/2005	2012/2013
Illiterate	62.4	54	9.1	6.3	20.5	22.9	4.7	12.6	2.1	2.2	1.3	2
Read & Write	59.7	52.4	10.1	6.7	19.5	22.2	5.1	15.8	3.3	3.1	2.3	2.7
-	-	52.2	-	7.1	-	22	-	12.4	-	3.9	-	2.4
Below inter mediate	58.1	50.1	10.3	7	19.2	22.5	5.7	12.5	3.9	4.6	2.8	2.9
Intermediate	56.6	49	10.7	7.4	20.5	23.1	5.1	11.6	4	5.8	3.1	3.1
Above inter mediate	54.7	46.5	11.3	7.7	20	22.8	5.7	12.7	4.5	6.8	3.8	3.5
University	47.4	40.9	12	7.6	21.6	26.7	5.6	11.3	7.6	9.4	5.8	4.1
Average	56.5	49.3	10.6	7.1	20.2	23.2	5.3	12.3	4.2	5.1	3.2	3

**Table (2) Continue. B: On Urban Egypt Level**

Illiterate	60.46	51.1	9.1	5.8	19.3	25.1	6.1	12.6	2.6	2.9	2.4	2.5
2	58.15	50.1	10.1	6.1	18.2	23.8	6.4	13.1	4.1	3.6	3.1	3.3
Literacy certificate	-	49.9	-	5.9	-	25.5	-	10.9	-	5.1	-	2.7
4	57.2	48.9	10.3	6.5	17.7	23.3	6.6	12.6	4.8	5.4	3.5	3.3
5	54.84	45.7	10.9	7	19.5	24.4	5.6	11	5.1	8.2	4	3.7
6	54	44.4	11.4	6.9	19.5	24.2	5.2	12.9	5.3	7.6	4.6	4
6	46	38.6	12	7.1	21.7	28.3	6.3	11.4	8.4	10.9	6.2	4.4
Average	55.1	47	10.6	6.5	19.3	24.9	6	12.1	5.1	6.1	4	3.4

**Table (2): Continue.: On rural Egypt level**

Illiterate	63.3	55.3	8.9	6.5	21.06	21.6	4	12.5	1.8	1.9	0.84	1.8
Read & Write	62.7	54.1	10.4	7.1	21.2	21.1	4.2	12.6	0.05	2.8	1.5	2.2
Literacy certificate	-	53.4	-	7.8	-	20.2	-	13.7	-	3.2	-	2.2
B. intermediate	59.3	52.5	10.3	7.6	21.6	21.5	4.4	12.3	2.6	3.6	1.8	2.4
Intermediate	58.9	52.2	10.4	7.9	22	21.7	4.2	12.2	2.5	3.6	1.9	2.5
A. Intermed.	57.1	49.8	11.4	8.9	21.3	20.6	4.9	12.3	2.8	5.5	2.5	2.8
University	54.7	48.4	11.9	9	21.4	22	4.8	10.9	3.8	6.5	3.4	3.2
Average	59.2	52.2	10.6	7.8	21.4	21.3	4.5	12.3	2.3	3.9	2	2.5

The data were collected and computed from data of CAPMAS.

CAPMAS: Central Agency for Public Mobilization and Statistics V.IV, (2004-2005), (2012, 2013).

**Table (3): A:Relative importance for the H.H. annual expenditure on some main items according to income categories on Egypt level in the periods (2004/2005 and 2012/2013)**

Income	Food & Drinks		Clothing & Fabrics shoes		Housing & Accessories		Health Care		Education		Communications	
	2004/2005	2012/2013	2004/2005	2012/2013	2004/2005	2012/2013	2004/2005	2012/2013	2004/2005	2012/2013	2004/2005	2012/2013
2000	61.4	52.9	4.5	5.2	28.3	14.9	5.4	26.5	0.2	-	0.2	0.5
2000	59.6	64.7	5.5	3.7	28.4	19.4	6.1	12	0.2	-	0.3	0.2
3	61.4	57.2	6.4	5.5	26.2	26.5	5.1	10.2	0.2	0.1	0.6	0.5
4	61.5	59.7	7.4	3.8	25.1	24.8	4.6	11.2	0.4	0.03	1	0.5
5	61.3	58.4	8.1	3.4	24.3	24.7	4.5	15.6	0.7	0.1	1.1	0.9
6	60.9	55.2	8.9	4.4	23.4	25.6	4.3	13.4	1.1	0.01	1.4	1.4
7	60.9	53.9	9.2	3.9	22.7	28.2	4.2	12.2	1.5	0.2	1.5	1.6
8	60.9	54.6	9.6	4.5	21.6	28	4.4	11.4	1.8	0.3	1.7	1.2
9	60.4	54.8	9.9	4.8	21	27.2	4.5	10.6	2.2	0.5	2	2.1
10	59.8	54.8	10.2	5.1	20.3	27.6	4.5	9.9	2.7	0.7	2.4	1.9
11500	59.8	53.8	10.5	5.4	19	27.2	4.8	10.2	3.3	0.7	2.6	2.1
13	58.7	54.2	10.8	5.9	18.4	26.5	5.1	10.2	4	1.2	3	2
15	57.5	53.9	11.1	6.2	17.7	45.4	5.4	10.6	4.9	1.5	3.4	2.4
17	5.5	53.5	11.5	6.8	17.7	24.6	5.8	10.5	5.3	2.1	4.2	2.5
20	52.7	52.8	11.7	7.1	17.7	23.7	6.6	10.9	6.3	3	5	2.5
25	50.2	51.4	11.9	7.3	18.3	22.3	6.6	11.9	7.5	4.1	5.5	2.8
30	43.7	48	12.1	7.5	21.1	21	6.7	13.4	10.1	6.7	6.3	3.4
50000	35.8	41.4	12	7.6	23.8	23.6	7.2	13.6	15.4	9.7	5.8	4.1
75000	34.2	35.1	14.5	7.6	21.8	25.7	7.4	15.2	15.1	12.7	7	3.7
100000	30.8	27.8	12.2	6.7	23.8	32.3	7.9	12.1	18.8	17	6.5	4.2
Average	54.4	51.9	9.9	5.2	22	25	5.6	12.4	5.1	3.3	3	2.2

**Table (4) Continue: B: On Urban Egypt level**

2000	63.6	47	4.7	8.9	24.9	20.1	6.1	23.9	0.3	-	0.4	0.16
2000	59.8	64.4	6.3	3	26.1	12.7	7.2	18.9	0.1	-	0.5	1
3	61.5	57.9	6.8	2.6	24	27	6.3	10.9	0.3	0.3	1.1	1.3
4	60.5	58.6	7.5	4.1	23.8	23.2	5.9	12.9	0.5	-	1.7	1.2
5	60.8	58.4	7.8	3.8	23.3	20.5	5.5	15.8	0.8	0.1	1.8	1.4
6	59.5	54.2	8.9	4.1	22.9	24.7	5.2	14.4	1.2	-	2.3	2.6
7	59.3	49.4	9.3	3.6	22.2	31.3	5.1	13.4	1.6	0.2	2.5	2.1
8	59.6	50.9	9.4	5.1	21.2	28.9	5.3	12.7	1.9	0.6	2.6	1.8
9	59	54.1	9.8	5	20.4	26.6	5.3	11.2	2.5	0.8	3	2.3
10	58.3	50.4	10.2	4.7	19.8	29.9	5.4	11.5	2.9	0.9	3.4	2.6
11.5	58	50.4	10.5	4.6	18.5	28.3	5.5	13.1	3.8	0.9	3.7	2.7
13	56.8	51.4	10.8	5	18.1	28.7	5.9	10.9	4.5	1.5	4	2.5
15	55.8	51	11	5.5	17.4	26.6	5.8	11.7	5.7	2.1	4.3	3.1
17	54	51.1	11.5	6.3	17.6	26.1	6.1	10.9	6	2.5	4.8	3.1
20	51.7	50.5	11.7	6.6	17.9	25.5	6.6	10.8	6.7	3.5	5.4	3.1
25	49.3	49.3	12	6.8	18.2	24.5	6.5	11.3	8.1	4.7	5.9	3.4
30	43	45.8	12	7.1	21.2	22.8	6.8	8	10.4	7.9	6.4	3.9
50	35.2	39.6	12.1	7	24.3	26.1	6.9	12.4	15.5	10.5	6	4.4
75	34.2	32.8	14.5	7.2	21.8	27.6	7.4	15.1	15.1	13.4	7	3.9
100000	30.2	26.5	12.3	6.7	23.2	39.1	8.2	10.9	19.8	18.6	6.3	4.2
Average	53.5	49.7	8	5.4	21.3	25.7	6.2	17.9	5.4	3.4	3.6	2.5

The data were collected and computed from data of CAPMAS.

CAPMAS: Central Agency for Public Mobilization and Statistics V.IV, (2004-2005), (2012, 2013).

**Table (4): Continue: C: On rural Egypt level**

Income	Food & Drinks		Clothing & Fabrics shoes		Housing & Accessories		Health Care		Education		Communications	
	2004/2005	2012/2013	2004/2005	2012/2013	2004/2005	2012/2013	2004/2005	2012/2013	2004/2005	2012/2013	2004/2005	2012/2013
2000-2000>	60.66	57.9	4.47	1.8	29.58	10.3	5.1	28.7	0.02	-	0.16	1.3
3000	59.5	64.8	5.1	3.8	29.3	21.3	5.7	10.1	0.2	-	0.2	-
4	61.4	56.8	6.3	7	27.2	26.3	4.6	9.8	0.2	-	0.3	0.1
5	61.9	60	7.3	3.7	25.7	25.3	4	10.7	0.4	-	0.6	0.3
6	61.6	58.4	8.2	3.1	24.8	27	4	10.8	0.7	0.1	0.7	0.6
7	61.7	55.8	8.9	4.6	23.7	26	3.8	12.9	1	-	0.9	0.7
8	61.8	56.6	9.2	4.1	22.9	26.4	3.7	11.5	1.4	0.2	1	1.2
9	61.8	56.5	9.6	4.1	21	27.7	3.8	10.7	1.7	0.1	1.2	0.9
10	61.4	5.5	9.9	4.7	21.4	27.7	3.8	10.4	2.6	0.3	1.5	1.4
11500	61.1	57	10.2	5.3	20.7	26.5	3.8	9.1	2.6	0.6	1.5	1.5
13	61.4	5.8	10.5	5.9	19.5	26.6	4.1	9.4	2.9	0.6	1.6	1.7
15	61	55.6	10.9	6.4	18.7	25.3	4.3	9.9	3.3	1.1	1.8	1.8
17	58.4	5.6	10.9	6.6	20.7	24.7	4.6	10	3.4	1.1	2	2
20	58.7	55	11.7	7.1	17.9	23.8	5.1	10.2	3.7	1.8	2.9	2.1
25	55.8	54.3	12	7.5	17.3	22.5	6.5	10.9	5	2.7	3.4	2.2
30	5	53.3	11.4	7.8	19.2	20.5	6.9	12.5	4.1	3.6	3.4	2.3
50000	53.2	50.9	12	9	19.7	18.6	5.3	14.8	5.5	4.9	4.4	2.8
75000	45.8	46.3	8.9	9.2	15.9	16.6	12	17	14.7	7.8	2.5	3.2
100000	-	45.3	-	9.3	-	16.7	-	15.4	-	10	-	3.2
Average	42.6	38.3	10.1	6.7	33.3	24.6	2.3	22.6	2	4.3	9.7	3.5

The data were collected and computed from data of CAPMAS.

CAPMAS: Central Agency for Public Mobilization and Statistics V.IV, (2004-2005), (2012, 2013).

**The flexible expenditure of some main items in Egypt:**

The flexible expenditure is considered one of the most important indications in measuring consumer reaction towards changes in the total expenditure under the available income and the prices levels of the goods and services, where the flexibility in expenditure expresses the relative change in expenditure on the good or the service with the relative change in income and from which a clear picture for the nature of structural changes in the spending pattern on goods and services<sup>(3)</sup>, this helps in the economic planning and the future decision making and to know the extent of changes happened for the life standard of people in both rural and urban sectors.

From the estimation of flexible spending on some main items which are included in this study (table4) it is shown that the flexible spending for food and drinks expenditure arrived at about 0.8 & 0.9 for urban and rural, respectively in the period (2004/2005) and decreased to reach about 0.75 & 0.77, respectively in the period (2012/2013). This means that food and drinks are necessary items. The flexible spending on services and health care arrived at 1.07 & 0.93 for urban and rural in the period (2004/2005), decreased to reach about 0.73 & 0.9 in the period (2012/2013). This may be attributed to the continuous increasing by time for the prices of medical care which leads to an increasing spending in this field in the period (2012/2013) relative to (2004/2005) in both urban and rural. This has negative effect for the spending on food and drinks in the period (2012/2013) relative to the period (2004/2005). This is reflected in the negative effect for bad feeding on human health.

For spending on housing and its accessories, the flexibility arrived at 0.95 in urban in the period (2004/2005) and increased to reach 1.04 in the period (2012/2013). While for rural the flexibility arrived at 1 in the first period which decreased to 0.82 in the second period. The spending flexibility for the other items arrived at more than one completely. This reflects the spending flexibility on these items i.e. these are burry goods and services.

**Table (5): Statistical estimation for income flexibility coefficients for spending items in Egypt.**

	2004-2005						2011-2013					
	Egypt		Urban		Rural		Egypt		Urban		Rural	
	Flexi bility	R <sup>2</sup>	Flexi bility	R <sup>2</sup>	Flexi bility	R <sup>2</sup>	Flexi bility	R <sup>2</sup>	Flexi bility	R <sup>2</sup>	Flexi bility	R <sup>2</sup>
Food and Driks	0.81	0.98	0.8	0.98	0.91	0.99	0.74	0.97	0.75	0.96	0.77	0.97
Clothes, Fabrics, Blank Kets	1.27	0.99	1.26	0.99	1.22	0.97	1.16	0.98	1.18	0.97	1.24	0.95
Housing and Accessories	0.92	0.98	0.95	0.90	1.01	0.88	0.81	0.7	1.04	0.96	0.82	0.91
Services and Health Care	1.14	0.98	1.07	0.98	0.93	0.68	0.94	0.94	0.73	0.56	0.9	0.59
Education	2.44	0.97	2.45	0.94	2.29	0.86	3.2	0.9	3.1	0.87	3.13	0.87
Communications	1.97	0.97	1.72	0.96	2.08	0.97	0.60	0.91	1.5	0.74	1.79	0.79

The data were collected and computed from data of Central Agency for Public Mobilization and Statistics V. IV, (2004-2005) (2012-2013).

**Summary:**

The study of the variations in the H.H. expenditure items in Egypt whatever rural or urban is very important in putting the suitable economic policies to elucidate the society welfare level.

For this reason, the patterns of H.H. expenditure in rural and urban were studied through the knowledge of the relative importance for the main expenditure items all over Egypt and study of some economic and social factors and their effect on the H.H. expenditure, in addition to a comparison between the two periods of study (2004/2005 & 2012/2013) and the productive flexibility of these items.

The study depended on the qualitative and quantitative analysis for the expenditure and its development on these items, and the effect of some economic and social factors in the period of study and measurement of the expenditure flexibility. The study is based on the published data of (CAOMS) the subject of income, expenditure and consumption in the years (2004/2005 & 2012/2013). A proportional relation is shown between the H.H. size and he expenditure on food, garment, education & communication all over Egypt in the two periods of study, while on inverse relation is shown between the H.H. size and the expenditure on housing and healthcare. The better education levels lead to decrease in the expenditure on food, in the same time an increase in the expenditure on clothing, education, communications and health care with no apparent difference for housing.

The study of the relative importance of the annual H.H. expenditure according to the income levels revealed that the average expenditure on food, drinks, clothing, housing, health care, education and communications was about 54.4%, 9.9%, 22%, 5.6%, 5.1% & 3.1%, respectively in the period (2004/2005), while 51.9%, 5.2%, 25%, 12.4%, 3.03% & 2.2% in the period (2012/2013) & decreased for food to about 30.8% for the last category in the period (2004/2005) and 27.8% in the period (2012/2013). The spending on education and communications increased for the same categories to about 18.8% & 6.5% for the L.E. 100,000 category in the first period and 17% & 4.2 in the second period. The spending ratio varies for housing to about 28.4% as a maximum and 17.7% as a minimum for the L.E. 2000 category and L.E. (15000-20000) categories respectively in the first period. The spending on healthcare for the L.E. 100.000 category arrived at 7.9% & 12.1% of the two periods of study, respectively all over Egypt.

The comparison between the rural and urban sectors revealed an increase in spending on food and garment in the rural sector where it arrived at 90% for the L.E. 2000 category while 88.5% for the same urban category in the first period, then decreased to about 68.2% in the rural and about 67.1% in the urban in the second period. A decrease is shown in spending on education and communications in the second period relative to the first, while the spending on housing and healthcare has increased.

Study of spending flexibility in the two periods showed a decrease in the second period where it arrived about 0.74, 1.16, 0.81, 0.94, 3.2 & .6% for the items of food, garment, housing, healthcare, education and



communications, respectively. It arrived at about 0.81, 1.27, 0.92, 1.14, 2.44 & 1.97 in the first period all over Egypt. This reflects the decrease in the standard level of life in both urban and rural sectors in the period (2012-2013) relative to (2004-2005) due to the increase in prices level and the decrease in the real personal income. This is reflected also in the decrease in spending ratio on food in the second period relative to the first one. This leads in turn to a decrease in the people health level and an increase in the expenditure on healthcare.

The study arrived at conclusion that complete health insurance become necessary for all Egyptians due to the prevalence of endemic diseases and the increasingly costs of treatment, and the problem of housing must be solved. These are the major Egyptian problems on both rural and urban levels.

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