

Thailand's household income inequality revisited: evidence from decomposition approaches

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Abstract. This study decomposes income inequality across household in Thailand in three dimensions: sources of income, industrial subgroups, and household characteristics. The results show that the source of income with the highest contribution to the inequality is income from businesses. In term of industry, we found that real estate, wholesale and retail trade, manufacturing and agriculture experience highest income inequality. For the analysis on household characteristics, we examined drivers for overall income inequality and also examined separately for each source of income and industry subgroup. The results raise attention to the importance of households' wealth on inequality as the inequality in financial asset and credit accessibility contribute highest to income inequality and more than that of education. In addition, we found that the key contributors of income inequality are heterogeneous across industrial subgroups. In particular, different types of financial assets and funds contribute differently to income inequality in each industrial subgroups. Therefore, in addition to ensuring an equal opportunity in education, a more equal access to different types of fund is also crucial for income inequality reduction.