

## CONSUMER BASKET - PARADOX OF UKRAINIAN ECONOMY

**Tikhonova Anastasiia**

*phD student, 2-nd course  
Economic and Management faculty, Management department  
National University of Food Technologies  
Ukraine, Kiev, Str. Volodumurska 68  
juzik\_n@mail.ru*

**Summary.** The paper analyses the problem of existence of consumer basket in Ukraine, which is «old-fashioned» and does not meet modern standards of living in Ukraine.

National security of a region or a district, as well as whole country, depends on the food security of this country. So, today the issue of food security becomes increasingly important and requires closer attention.

Current problems in this area is existence of "old-fashioned" consumer basket, which does not meet modern standards of living in Ukraine and in accordance with applicable law can not be considered as legitimate. Existing basket is unable to meet the actual needs of the population and requires immediate review by the government. In society there is a perception: "If eat in accordance with the standards of the consumer basket, it is the easiest way to get to the hospital with a diagnosis of "exhaustion"".

**Key words:** food security, consumer basket, need, water, drinking water.

Today, interest in healthy nutrition is a result of influence from such interrelated and interdependent factors: first, traditions and habits in nutrition and public awareness, and only then the purchasing power of the population (the effective demand of the most prosperous part of Ukraine's population and specific target groups).

The aim of the article is to describe the consumption basket of Ukraine and its balance in the context of food security.

To confirm the hypothesis this scientific article contains inductive method and groupings - collecting, organizing and processing information; deductive - the theoretical understanding of the problem, methods of analysis, synthesis and comparison - bringing together information and comparison of performance; monographic - the study of economic activity; abstract logical - theoretical generalizations and forming conclusions; graphic - display the results of the analysis, visual interpretation; the method of expert evaluations - determine the significance of impacts on the state of the industry; forecasting - to predict the development.

Information base of the study were legislative and legal acts and policy documents of state authorities of Ukraine, Proceedings foreign and domestic scholars, official materials of the State Statistics Committee of Ukraine, professional literature.

The object of the research paper is the process of development and using of actual consumer basket for ensuring food security in the country.

According to the object and aim of the research we distinguish such tasks:

- reviewing of existing consumer basket of Ukraine;
- identifying of main disadvantages of existing consumer basket and suggest measures to correct them;
- considering of trends of consumption of drinking water in Ukraine;
- reasoning of inclusion of the category of drinking water as a separate item on the consumer basket.

Scope of the theoretical aspects certain practices and determine the social standards, in particular the formation of consumer - Basket in the economic literature presented scientific work attitudes A. Pusarevska, A. Pishchulina, S. Burlutsky, S. Mirosnichenko and others [2, 6, 7, 9]. Despite of considerable amount of scientific researches of this topic, it is still urgent. Because, the problem of using reasonable methods of calculating consumers basket is still unsolved.

Food poverty in the context of food security is a growing concern in Europe.

Improper nutrition, especially excessive fat intake, deficiency of many vitamins, minerals, dietary fibers facilitate widespread deployment of many chronic noncommunicable diseases, including cardiovascular (atherosclerosis, hypertension, stroke, coronary heart disease), certain types of cancer, diabetes, gout, tooth decay, obesity, anemia of various origins, osteoporosis which are diseases the century [11].

Qualitatively and quantitatively malnutrition on the background of adverse environmental conditions leads to a decrease in the body's defenses, catastrophic growth of many non-communicable chronic diseases.

Heavy pollution contributes to continuous improvement of food contamination by nitrates, pesticides, salts of heavy metals, radionuclides. The 60 - 80% of foreign substances ingested in to the humans organism with food. At the level of food security there are basic problems that need solving [13]:

- availability of food in sufficient quantities;
- purchasing power;
- sufficient food for all segments of the population;
- food safety of food products for health;
- rational nutrition .

In this paper we will consider in more detail the purchasing power of a set of vital foodstuffs.

In economic literature there are several definitions of the term of consumer basket, in general they do not have significant differences, but rather complement each other. Thus, according to the definition of A. Zagorodnego and G. Vozniuk consumer basket is - a collection of food stuffs, non-food products and services for major social and demographic groups [12].

The dictionary of economic terms under edition of A. Azriliyana consumer basket characterized as a model checking set, range of products, which characterizes the level and structure of a typical month (or year) consumption of a person (or family) [3]. This set is used to calculate the minimum consumer budget based on the cost of the consumer basket in current prices. Market Basket also serves as a base of comparison of calculated and actual consumption levels.

The importance of the existence of consumer basket that is its value at current prices is the basis of subsistence, which under the Constitution of Ukraine affects all kinds of social benefits in the state and a government regulation that should be used in determining the indicators of social power budget.

Consumer budget is a collection of food and non-food products and services in physical and value terms, ensuring satisfaction of basic physiological and socio -cultural needs.

It should be a clear distinction between "consumer basket" and "set basket". The first value is to calculate inflation is "consumer kit" filled up many modern and useful things - there are diapers, umbrellas, clocks, blenders, sphygmomanometers, flash drives, laptops, caviar and more. Second - the calculation of cost of living and social benefits to the consumer basket determine minimum wages and pensions, accrued benefits, the long - plan how the country will live on.

The state of Statistics consumer price index is calculated based on the consumer basket of goods and services. This set is determined by the State Statistics during the coordination with concerned ministries, agencies, NGOs and academic institutions. Inclusion of products and services in the consumer set is based on data on actual spending the money.

According to the Cabinet of Ministers of Ukraine on April 14, 2000 N 656 "On approval of food product sets, sets of non-food products and services for basic social and demographic groups is" approved food products sets, sets of non-food products and services to basic social and demographic groups ( Table 1).

Table 1

**Sets of food products for basic social and demographic groups (Kg / one person per year)**

№	Products	Children		Working-age population	Disabled people
		0-6 years	6-18 years		
1	Bakery :				

	bread	29,2	51,1	62	62
	Rye bread	14,6	28	39	38
	wheat flour	4,6	7,9	9	8,8
	rye flour	-	-	0,4	0,3
2	Starch	0,7	1,1	-	-
3	Cereals , legumes , pasta :				
	cereals :	11,1	15,3		
	rice	1,8	1,3	2,5	2,3
	semolina	0,9	1,2	-	0,9
	millet	1,7	2,3	1	0,9
	buckwheat	2,4	3,4	2	2
	groats	0,7	0,9	1,1	1,1
	other	4,1	5,7	0,5	0,6
	pulses	0,6	0,8	1,9	1,9
	pasta	2,9	4	4	4,1
4	Potatoes	73	93,7	95	108
5	Vegetables different:				
	cabbage	16,4	21,9	28	27,5
	tomatoes	16,4	21,9	} 25	} 22
	cucumbers	6,6	8,7		
	carrots	8,2	10,9	} 18	} 16
	beets	6,6	8,7		
	onion	6,6	8,7	10	8
	other vegetables and melons	21,3	28,5	29	24,5
6	Fruits different:				
	apples	27,4	30,4	} 60	} 3,1
	berries and grapes	8,2	9,1		
	citrus and other tropical fruits	5,5	6,1		
	bone	5,5	6,1		
	pears	2,7	3		
	other fruits and nuts	5,5	6,1		
7	Juices (from fruits and vegetables)	45,6	54,8	-	
8	Dried fruits	3,65	5,5	4	1,8
9	Sugar	18,25	23,1	24	22,5
10	Conrectionary	5,5	6,1	13	
11	Honey	1,1	1,1	-	-
12	Butter	7,7	12,8	5	3,9
13	Oil	3	5,1	7,1	6,7
14	Margarine	-	-	2	1,5
15	Eggs, units	182,5	365	220	187,5
16	Milk, milk products :				
	milk	91,3	82,1	60	83
	milk with low fat content	-	-	65	-
	milk drinks	91,3	82,1	-	22
	soft cheese	18,25	20,7	10	7,6
	sour cream	2,7	7,3	5	4
	cheese	1,8	4,3	3,5	-
17	Meat and meat products :				
	meat:				
	beef,	} 11,7	} 18,3	14	12
	mutton			2	0,9
	veal			-	-
	lean pork	5,8	9,2	-	-
	pork			8	9,5
	poultry,	} 5,8	} 9,2	12	5
	rabbit			2	-

	offal (liver , tongue, brain)	5,9	9,1	-	2
	meat products:			9	6,6
	Boiled sausages, frankfurters, sausages	4	6,3	-	-
	sausages	1,3	2,1	-	-
	smoked meat	1	1,5	-	-
	ham, carbonate	1	1,5	-	-
	fat	1	1,5	2	2
18	Fish and fishery products:				
	Fish, fresh, frozen	8,6	14,6	7	2,5
	herring	-	-	4	0,7
	fishery	4,2	7,3	2	-
19	Tea	0,073	0,1	-	-
20	Cocoa	0,365	0,365	-	-
21	Yeast	0,365	0,365	-	-
22	Salt	1,8	3,3	-	-
23	Spices (bay leafe)	0,073	0,1	-	-

Source: [Compiled by the authors based on 5].

Today, the structure of the consumer basket composes about 52% of food. This collection is designed on the base of food consumption methodology Leningrad Institute of Hygiene in 1990. Given that the process design methodology is thorough and takes five to seven years, you can understand this diet is almost 30 years old. Comparison with the rational norms of consumption, calculated by the Ministry of Health of Ukraine is shown on the Table 2.

Table 2

**Norms of consumption of basic types of food products in Ukraine,  
kg / one person per year**

Index	Rate, estimated by Ministry of Health of Ukraine	Consumer basket	Difference, in %
Bread and bakery products (in terms of flour)	101,0	123,4	18,1 (more than rate)
Meat and meat products	80,0	49	63,2
Milk and milk products	380,0	80	59,1
Fish and fish products	20,0	13	35,3
Eggs (units)	290	220	25,2
Vegetables and melons	161,0	110	31,6
Fruits, berries and grapes	90,0	60	33,3
Potato	124,0	95	24,6
Sugar	38,0	24	36,8
Vegetable oil all	13,0	7,1	45,4

Source: [Compiled by the authors based on 10].

Consumer basket provides adult 49 kg of meat and meat products per year, whereas the real need for the Institute of Food Hygiene is a three times higher - 80 kg. Milk and milk products in the consumer basket 155 kg, 60% less than the physiological need, which is 380 kg. The lack is observed in all other parameters except bread and bread products, due to the replacement of a cheaper part of the consumer basket (pastry), more expensive and mineral products (meat, fish, milk, etc.).

Attention is drawn to the fact that the current Ukrainian consumer basket can be regarded as legitimate, because the state is against the law of the position:

- in accordance with Art. 3 of the Law of Ukraine "On Living Wage" set food and non-food goods and services have to be modified at least once every five years. This was never done for 13 years;

- in 2005 an expert committee endorsed a new set of food and non-food goods and services, which is calculated based on the cost of living, according to the order of the Cabinet of Ukraine in 2004. However, in February 2006, the Cabinet of Ministers of Ukraine has postponed

the approval of new sets of products, goods and services to determine the cost of living. At the same time instructed the Ministry of Economy and the Ministry of Finance of Ukraine with the participation of the expert committee for scientific and public review sets finalize the draft resolution, expanding its position concerning the simultaneous adoption Methods of subsistence.

The simplest but not the best way of solving of this problem is to improve the consumer basket based on the updated 2012 consumer kit used to calculate the consumer price index and inflation. This will save time and money costs, as it should be done urgently. The next step should be the development and adoption of a special law of Ukraine "On consumer basket ", which will be modernized and will be connected to real needs of the population.

Obviously, the existing formal basket responding to the realities of the time and does not meet consumers needs in the field of nutrition. There are several factors that must be taken into account in the census consumer basket:

- the growth of the economy;
- GDP growth;
- change in the structure of food consumption (increase consumption of fruits, meat, less - flour, potatoes);
- the emergence of new models of food;
- the emergence of new products and significant improvement of old ones;
- environmental degradation;
- pollution;
- promotion of healthy lifestyles and nutrition, etc..

In the world there are different methodological approaches to include certain consumer goods to countries baskets. For example in the U.S. consumers basket is developed according to the Geller budget that is based on a set of goods and services that society deems necessary for normal life. The structure of the budget of Geller is that food products should not exceed 30 % of basket, nonfood - 47%, other goods and services - 23%. The American consumer basket consists of 300 points in German there are 475 points, etc.

In Ukraine, the decisive criterion for inclusion a product or service in the consumer basket is its share in total household expenditures of money - not less than 0.1% for food products and 0.2% - for other goods and services. That is the decisive criterion for the goods to the consumer basket can also be its share in total household cash expenditure and nutrient composition of foods. So part of the consumer basket in the first place will include goods that are the largest and most households consume, whether regulated prices are or have free character.

As already mentioned, to ensure normal living person needs food necessary amount of money to be also included in the consumer basket. Among them is occupied by water, without which nothing can live there.

As the water gets into the human body as a separate component of food and food products, the author is invited to consider the use of water from two perspectives that are directly associated with food security in the country:

1. Water which used by households (drinking water, water for cooking, etc.).

Drinking water is an essential food item. Today, population of Ukraine mainly consumes bottled or filtered and not water from the tap because the water must meet all the requirements of the food.

Drinking water - water that is on organoleptic properties, chemical and microbiological composition and radiological parameters meet state standards and sanitary legislation. [4]

Compared to 2000, which was prepared by the consumer basket using of bottled water has undergone significant changes. Earlier people did not even think that drinking water must be purchased in the store, now it is awesome to drink water from taps.

According to a study conducted by an international research company Nielsen and published by IDS Group Ukraine, in 2012, consumption of bottled water per Ukrainian was 42.3 liters, 2.8 liters more than in the previous year. Overall, compared with Europe, where the figure is

about 200 liters per capita per year (in Italy, for example - 189l per person, Ukrainian consume much less water. Meanwhile, analysis of the survey results suggests that the domestic market of bottled water has been a positive trend - Ukrainian consume water were 7 % higher [14]. This confirms a trend of increasing of water production (Table 3).

Table 3

**Mineral Water Production 2005 - 2011 pp, mln**

	Items	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1	Natural water, with no gas	6,5	7,7	14,8	15,7	30,5	35,4	28,5	31,4	33,6	38,8
2	Natural water, gased	79,3	77,3	100	115	130	120	102	112	99,1	97,1

Source: [Compiled by the authors based on 10].

Among the major trends should be noted decline in the proportion of gassed water and increased consumption of water without gas. In recent years more and more Ukrainian consumers prefer the last one. In 2009, its share in total sales of bottled water was 23, 4 % and in 2012 it rose to 28, 2 %. These social trends say about the prospects for future growth and qualitative development of the non-carbonated bottled water.

Another feature of the market is increasing the share of SME segment displacement and increased water consumption of water without gas. In 2012, the share of small displacement segment increased by 28 % compared to 24, 2 % in 2009, and gassed water - up to 19 % versus 7,9%.

The highest consumption of bottled water per capita is observed in the big cities of Ukraine (82.6 liters). The leader is Odessa (112.6 L) in second place is Kyiv (90.7 L). The lowest rate was recorded in the region (33.6 L).

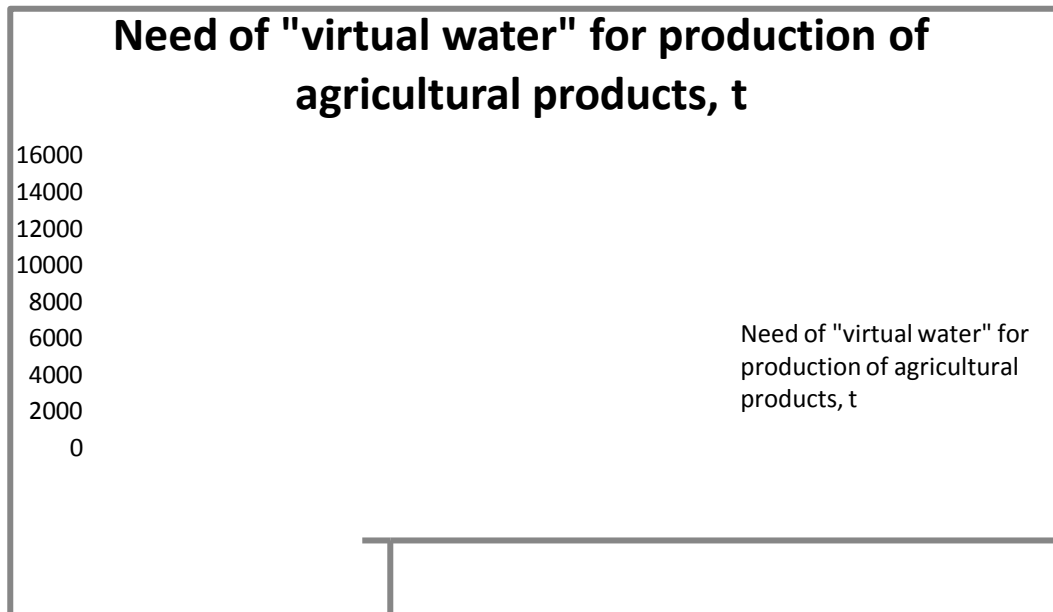
It should be noted that there is no adequate truthful arguments proving that tap or river water in the zone of ecological disaster (almost the entire territory of Ukraine), after cleaning, be better than natural water. It is understood in the case that natural water occurs in rocks of Precambrian period (age measured in hundreds of millions of years) and never faced with the products of human activity. That is the water that is produced by specialized companies and has the proper certification.

2. Using of water for food products manufacturing.

Currently, when population decides to reduce water consumption, the term "virtual water" exists; it means the amount of fresh water that is actually consumed to meet the needs of consumers. That virtual water includes water and capacity, which is available in food products and, which is necessary for their production.

According to statistics, person drinks from 2 to 4 liters of water per day. However, most of the water is part of the food that the person consumes.

Worldwide on average agricultural production used 69% of water supplies in the industry - 23 %, and economic needs - 8%. The need for water to produce certain agricultural products, which means, the level of "virtual water" per 1 ton is shown in Fig. 1.



Source: [Compiled by the authors based on 1].

The figure shows that for the production of animal products more "virtual water" requires than for the manufacturing of foodstuffs of plant origin. For example, we need 15,000 tons and 160 tons of "virtual water" for producing 1 t of beef and potato, respectively. This is due to the fact that in addition to livestock water use for the production and maintenance of production itself consumes a lot of additional cattle feed, drinking water and requires additional water for washing, and more.

In terms of meeting the needs of the ever growing population it is important implementation of specific measures for water saving and water conservation of land. These measures may include:

- monitoring of wasted food products: 30 % of the production is thrown, and the water of its production is consumed;
- saving water in agriculture (using of drip irrigation systems, pedal pumps, etc.);
- recycling of waste water;
- reducing waste and losses;
- integration of food productions (combining fisheries with rice for example);
- preparing for climate changes: the creation of reservoirs, construction of dams, wells, etc.;
- protection of water resources by developing recourse saving agriculture, forest plantations ;
- promotion of healthy lifestyles;
- promotion of healthy nutrition.

The implementation of such complex measures for the rational use of such unique natural resource as water is the key to food security worldwide.

### **Conclusions.**

The main issues according to the forming of consumer basket, which must be solved in the near future include:

1. Updating of the consumer basket in Ukraine.
2. Taking into account regional differences and current trends in the nutrition of Ukrainian population.
3. Updating the physiological norms.
4. Taking into account all significant increases in the prices on food products.

5. In connection with the necessary of ensuring the population with quality drinking water at a sufficient level and modern changes in consumption of bottled drinking water, it is surely to make a separate indicator of drinking water to the Ukrainian consumer basket.

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## Tikhonova Anastasiia

### Тихонова Анастасия

**Анотация.** В статье анализируются проблемы существующей потребительской корзины в Украине, которая является «старомодной» и не отвечает современным стандартам жизни в Украине, а также вопрос использования воды домохозяйствами Украины.

Национальная безопасность региона или области, как и всей страны, зависит от продовольственной безопасности этой страны. По этому, на сегодняшний день вопрос продовольственной безопасности становится все более актуальным и требует более пристального внимания.

Важной проблемой в этой области является существование "старомодной" потребительской корзины, которая не отвечает современным стандартам жизни в Украине и в соответствии с действующим законодательством не может считаться легитимной. Существующая корзина не в состоянии удовлетворить реальные потребности населения и требует немедленного пересмотра правительством. В обществе бытует мнение: "Если питаться в соответствии со стандартами, указанными в потребительской корзине, то это самый простой способ попасть в больницу с диагнозом " истощения "".

Также в статье рассматривается вопрос обеспечения населения Украины качественной питьевой водой, а также включение понятия питьевой воды, как отдельной категории продовольственной корзины человека.

**Ключевые слова:** продовольственная безопасность, потребительская корзина, потребность, вода, питьевая вода.