

ON THE CALCULATION OF THE SUBSISTENCE MINIMUM

The subsistence minimum is the basis of the social security and social guarantees of the citizens of Georgia and is aimed at supporting low-income sections of the population. The subsistence minimum is the basis for the implementation of the target social policy by the State.

**Chapter I - Main Part**

**Article 1 – Objectives of the Law**

This Law determines the principles of the formation and use, and the procedures for the adoption and revision of, the subsistence minimum, which is the main social standard at the present stage of the development of the country.

**Article 2 - The concept of the subsistence minimum**

The subsistence minimum reflects consumer goods per capita in value terms, which ensures the meeting of minimum physiological and social needs according to the level of the socio-economic development of the country.

**Article 3 – The purpose of the subsistence minimum**

1. The subsistence minimum is a social indicator that shall be used for:

- a) the reflection of changes in the living standard of the population;
- b) the determination of the low-income section of the population and the implementation of the target social policy;
- c) the determination of the minimum amount of salaries, pensions, stipends, hardship allowances and other social benefits;
- d) the elaboration of social programmes and national economy development models, which shall ensure the gradual approximation of the consumption rates of citizens with those provided for by international standards.

2. The National Statistics Office of Georgia ('Geostat'), a legal entity under public law, shall calculate the value of the subsistence minimum on the basis of which the ratio between the subsistence minimum and the minimum income shall be determined.

3. Where the ratio between the subsistence minimum and the minimum income worsens as a result of the growth of consumer prices in accordance with the consumer price index, the amount of the minimum income shall be revised in order to restore it to the ratio of the subsistence minimum.

4. On the basis of the above mentioned the minimum income shall be revised three months after the previous modification has been made.

5. The minimum amount of salaries shall be gradually approximated with the subsistence minimum in line with the improvement of the living standards of the population in accordance with the underlying stabilization of consumer prices and inflation.

*Law of Georgia No 2292 of 11 December 2009 – LHG I, No 45, 21.12.2009, Art. 323*

**Article 4 – The procedure for the calculation of the subsistence minimum**

1. The subsistence minimum is calculated on the basis of a normative-statistical method, in accordance with the current (purchase) average prices. A food basket is formed using a normative method which involves the minimum standards of food consumption, while using a statistical method to determine the cost of non-food products and services, which reflects the factual standards of consumption.

2. The formation of the subsistence minimum is based upon a food basket for a working-age male.

**Article 5 – Determination of the norms and standards of the subsistence minimum**

The composition, norms and standards of the food basket required for the determination of the subsistence minimum shall be established and, if required, shall be revised by the Ministry of Labour, Health and Social Affairs of Georgia.

**Article 6 – Procedures for approving the methodology for calculating the subsistence minimum and for making amendments thereto**



The methodology for calculating the subsistence minimum and making amendments thereto shall be approved by an ordinance of the Government of Georgia, on the basis of proposals by a legal entity under public law called the National Statistics Office of Georgia Geostat, the Ministry of Labour, Health and Social Affairs of Georgia, the Ministry of Finance of Georgia, and the Ministry of Economy and Sustainable Development of Georgia.

*Law of Georgia No 2292 of 11 December 2009 – LHG I, No 45, 21.12.2009, Art. 323*

*Law of Georgia No 4469 of 22 March 2011- website, 1.4.2011*

*Law of Georgia No 1245 of 20 September 2013- website, 8.10.2013*

## **Chapter II - Final Provisions**

### **Article 7 - Entry into force of the Law**

This Law shall enter into force upon its promulgation.

**President of Georgia**

**Eduard Shevardnadze**

**Tbilisi**

**April 17, 1997**

**No 649\_III**

