

Italy's purchasing power records biggest drop in 12 years

ROME, Oct. 9 (Xinhua) -- Household purchasing power in Italy recorded the biggest drop since the year 2000, national statistics institute Istat said on Tuesday.

The purchasing power of Italian households registered an inflation-adjusted 1.6-percent drop in the second quarter of 2012 compared to the first quarter, and fell 4.1 percent annually.

Inclination towards saving decreased 0.6 points to 8.1 percent between the first two quarters of this year, and fell by 0.5 points in the second quarter compared to the same period of 2011, according to Istat.

Disposable income in the second quarter registered a drop of 1 percent from the previous one, while it dropped 1.5 percent compared to the same period of last year.

Italian families are struggling amid a series of welfare cuts and tax hikes carried out by the technocratic government led by Prime Minister Mario Monti to tackle the country's debt crisis.

On Tuesday, Economy Minister Vittorio Grilli said the government will be able to avoid increasing value-added tax (VAT) again.

VAT was raised earlier this year to 21 percent from its previous level of 20 percent to help deal with Italy's economic problems.

An additional 2-percent increase was planned for October, but Monti's cabinet subsequently said this would be delayed because of the money raised by public spending cuts.