

# Income and expenditure patterns of vegetable cooperators

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## ABSTRACT

Generally, the household income of the respondents was relatively low. The household income came from rice production, salaries and wages which included earnings from live-in sons and daughters, those given by relatives and neighbors which included cash or in kind (poultry, livestock, vegetables, etc). The average monthly income was P2,538.55 with monthly disposable income of P2,025.27.

Average monthly living expenditure was P2,738.40. Expenditures were distributed to non-durable and durable goods, farming expenses and miscellaneous expenses. Non-durable goods constituted the highest share of the total expenditures.

Low income families allocated a large fraction of it for basic goods while high income families had only lesser fraction of the incomes allocated to basic consumption goods.

The major problems of the households in relation to their income and expenditure patterns were insufficiency of income, high cost of basic commodities, and low salary/wage rate.

**Keywords:** Income, expenditure, budget, disposable income, consumption

## INTRODUCTION

Income and consumption are indicators of economic welfare. Equitable income distribution is a balance allocation of income among the populace. With equitable income distribution, large proportions of people can earn adequate living or move above the poverty line. On the other hand, inequitable income distribution may lead to poverty problems that will enhance malnutrition, diseases, crime and ignorance to exist in the society.

Among low-income countries, rural development is the principal strategy to improve the

economic and social life of the rural poor. It involves extending benefits for development to improve and increase the productivity of all sectors of rural population, to reduce poverty. This is one of the reasons why the Mt. Pangasugan Social Action Project (MPSAP) facilitates the implementation of vegetable gardening as one of the alternative livelihood projects of the rural poor.

Consumption expenditure is designed to meet the current demand of persons to sustain their standard of living. At low income level consumption expenditures will first be on the most elementary needs to meet personal maintenance.



Among the various consumption needs of human being, food items are basic for the maintenance of life and hence, the most important. Furthermore, consumption patterns differ from one household to another depending upon income differences, standard of living of the household or the society, and life style.

This study attempted to document the income and expenditure patterns of the vegetable production cooperators in Barangay Pangasugan, Baybay, Leyte. The specific objectives were:

1. To describe the income and expenditure patterns of household vegetable cooperators in Brgy. Pangasugan, Baybay, Leyte.
2. To determine the relationship of income and consumption expenditure patterns.
3. To identify problems that respondents encounter in relation to their income and expenditure patterns.

The study was limited to the investigation of income and expenditure patterns of vegetable cooperators in Brgy. Pangasugan, Baybay, Leyte.

## THE STUDY SITE

Pangasugan is one of the four pilot barangays covered by MPSAP. It is composed of 218 households with the total population of 1,115. Farming is the dominant occupation of the people. Rice, coconut and rootcrops are the main crops raised by the people. Farm projects such as poultry, piggery and vegetable gardening are the other sources of income besides crop farming.

Brgy. Pangasugan is 8 kilometers from the town of Baybay and 0.5 kilometer from ViSCA. The houses are staggeredly located along the river and sea. A feeder road is available in going to the hillside of the barangay and is accessible to public and private transportation.

However, there is no road going towards the sea or beach.

## DATA COLLECTION

The information for this study was obtained from the six vegetable cooperators from Brgy. Pangasugan, Baybay, Leyte through record keeping.

Daily record sheets were prepared and distributed to the vegetable cooperators who served as case families. A member of the family was trained to fill-up the daily record sheet.

On the first month, the case families were visited daily to check entries, validate their records through personal interviews and fill out missing information. The data collected included income from various sources, household expenditures, credit sources and their uses, socio-economic characteristics of the respondents, and problems encountered by the respondents in relation to their income and expenditure patterns.

## ANALYSIS OF DATA

The data obtained per case family were summarized weekly in columnar sheets. Descriptive statistics such as frequencies, percentages, averages and ranks were used in analyzing the data gathered.

## DEFINITION OF TERMS

*Income* - This is a gain or recurrent benefit usually measured in money that is derived from capital or labor received in certain period of time.

This includes items that are consumed, given out, sold out, given by relatives either in cash or in kind.

*Expenditure* - It is the act of spending which involves money so as to meet human wants and needs.

*Durable Goods* - Goods that can exist for a long time without significant deterioration like furnitures, building or house, jewelries, kitchen wares and etc.



*Non-durable Goods* - Goods that are consumable or can exist within a limited period of time like food, kitchen ingredients, personal kit and etc.

*Disposable Income* - An income which is subject to or available for disposal.

It is a remaining amount after deduction of taxes and other necessary deductions.

*Consumption* - It is the utilization of economic goods in the satisfaction of wants or in the process of production it chiefly results in destruction, deterioration or transformation.

*Budget* - It is the amount of money that is available for, required for, or assigned to a particular purpose.

It is also the statement of the financial position of an administration for a definite period of time based on estimates of expenditures during the period and proposals for financing them.

## RESULTS AND DISCUSSION

### Socio-demographic characteristics of the respondents

As shown in Table 1, fifty percent of the husbands were in "31 to 45 years old" group while 33.33 percent of their wives were in the age range of "61 years and above". The mean age of husbands was 48 years and that of their wives was 50 years old which indicated that husbands were a little bit younger than their wives.

The mean number of years of formal schooling of the husbands and wives was 6 years. As revealed by the respondents, they did not value education instead they marry early and began to engage in farming. Three out of the six vegetable cooperators had rice fields and the others were landless. They have engaged in farming for about 21 years or more. Their total farm area was between 0.5 to 1 hectare. Out of the three coop-

erators, two were owner-operators and the other was a tenant. Cropping frequency for rice production was only twice a year.

The mean household size was 5. It was observed that household was relatively large (3 to 6 persons). This is probably because most of the respondents have married early when family planning was not promoted or implemented by the government. Other studies have shown that some households favored having many children to either help in the farm or to earn money for the family. Regarding the number of dependent children, majority (66.66%) of the respondents had only four dependents. This was because some of their family members were already married. Roman Catholic is the dominant religion and respondent families claimed they have resided in the barangay for more than 21 years.

The result also showed that four out of the six case families had only the husband and wife as earning members. The other two household cooperators had the husband, wife, sons and daughters as earning members to support the family. Furthermore, the earning sons and daughters in the family were either working away from home or staying together with the family. Majority of the wife respondents helped to earn a living for the family and at the same time served as housekeepers.

### Household income and income sources

As reflected in Table 3, household income differed from each other because of the differences in the sources of income and the number of family members contributing to it. Income variations could also be traced to the level of education and stability of jobs of the earning members. The income is earned and contributed by husbands, wives, sons and daughters. This implies that all able bodied members contributed to ensure that the family survived. Table 3 documents the income sources of the case families e.g. salaries and wages in threshing palay and emer-



**Table 1.** Age and educational attainment of respondent households (n=6).

Characteristic	Wife	Percent	Husband	Percent
<b>Age</b>				
30 years old and below	1	16.67	0	00.00
31 to 45 years old	2	33.33	3	50.00
46 to 60 years old	1	16.67	2	33.33
61 years and above	2	33.33	1	16.67
<b>Mean</b>	<b>50</b>		<b>48</b>	
<b>Educational Status</b>				
0 (no formal school)				
1 to 6 years	3	50.00	3	50.00
7 to 11 years	3	50.00	3	50.00
<b>Mean</b>	<b>6</b>		<b>6</b>	

**Table 2.** Socio-economic characteristics of household respondents (n=6).

Characteristic	Frequency	Percentage	Characteristic	Frequency	Percentage
<b>Civil Status</b>			<b>Number of Earning Members</b>		
Single	0	0	Husband, Wife and Children	4	66.67
Married	6	100	Husband and Wife	2	33.33
Separated	0	0	<b>Farming Experience</b>		
Widow/Widower	0	0	Below 10 years	2	33.33
<b>Religion</b>			10 - 15 years	0	0
Roman Catholic	6	100	16 - 20 years	0	0
Iglesia ni Cristo	0	0	21 years and above	4	66.67
<b>Residency in the Village</b>			<b>Mean</b>	<b>20</b>	
Below 10 years	0	0	<b>Farm Size (ha.)</b>		
10-15 years	0	0	Below 0.5	2	66.67
16-20 years	0	0	0.6 to 1.0	1	33.33
21 years and above	6	100	1.1 to 1.5	0	0
<b>Household Size</b>			1.6 to 2.0	0	0
2 (couple only)	1	16.67	2.1 and above	0	0
3 to 6	3	50.00	<b>Mean</b>	<b>0.5</b>	
7 to 10	2	33.33	<b>Number of Parcels Cultivated</b>		
<b>Mean</b>	<b>5</b>		One	3	100
<b>Number of Children</b>			Two	0	0
None	0	0	Three	0	0
1-5	5	83.33	<b>Tenurial Status</b>		
6-10	1	16.67	Owner	2	66.67
<b>Mean</b>	<b>5</b>		Tenant	1	33.33
<b>Number of Dependents</b>			Squatter	0	0
None	1	16.67			
1-5	4	66.68			
6-10	1	16.67			
<b>Mean</b>	<b>4</b>				



gency work, and income from rice, vegetables, poultry, livestock, fruit and mat production.

The total yearly income was P150,637.00 while the average monthly income was P2,538.55. The income from salaries and wages came from husband's share in threshing palay, emergency work like tending carabao at ViSCA, and carpentry works at Baybay Municipal Gym. In the varied income of the respondents, rice production accounted 37.98 percent of the total income. Income from vegetable production (a project facilitated by MPSAP), and salaries and wages accounted for 21.88 percent and 14.77 percent respectively. Of the total income from rice production, 17.30 percent was consumed and 19.80 percent was sold. Of the total income from vegetable production, 2.53 percent was consumed, 18.40 percent was sold and 0.95 percent was given out to relatives and neighbors. Most of the produce was sold and only those damaged or considered reject were consumed or given out to neighbors and relatives. Household B had the highest income of P47,244.00. Of this total, P7,628.75 came from vegetable gardening. Of the total income, P908.75 was consumed by the family, P415.75 was given out and P6,304.25 was sold. This was probably because the family members were helping each other to till the borrowed area and make it productive for the whole year. Moreover, this family owned more than 0.5 hectare of ricefield. On the contrary, Household F had the lowest income with a total of P9,801.00. Of this total, P4,789.00 was from vegetable gardening, 8.75% came from sales of poultry and livestock. Products from animal projects like chickens and eggs were utilized for home consumption while pigs were usually sold. Other sources of income were from food/fish hawking, mat weaving and from ushering "masiao" or "ending" (Table 3). Borrowing money was resorted to in times of needs like when the field needed fertilizers or school fees had to be

paid. The borrowed money was usually paid during harvest time. Three of the wife respondents helped their husbands support their respective families by selling food items, mat weaving and ushering "masiao" or "ending".

### Household expenditures

The largest item in the family expenditures was food which accounted 48.4 percent of the total expenditures. Rice, corn grits, fish, meat and spices were given top priority because they were the basic needs of the family. Generally, these food items were obtained from the barangay sari-sari store or from peddlers in the barangay. The abovementioned basic commodities were bought either in cash or credit basis. Nineteen percent of their food expenditures came from their own farm. This implied that in low and middle income families, food items were the major items of expenditures. Majority of the families used coffee as their beverage because this was cheaper compared to milk. Clothing and footwear requirements of household members were usually bought whenever there was extra money or only during special occasions like fiesta, graduation and other school-related activities of their children. To ensure high farm yield, the respondents bought fertilizer and hired laborers to help in planting and harvesting palay.

Concerned about the education of their children and in response to the call of the government that children should go to school, the respondents had sent their children to school. The high school children were sent either to institutions in Baybay or to Bunga Barangay High School. Thus, education expense ranked second in the total household expenses of the case families. This included transportation in going to and from school, school fees and supplies, uniforms and pocket money for snacks and viand of their children.



**Table 3.** Total household income of vegetable cooperators (n=6).

Income Sources	Cooperators						Total	Percent
	A	B	C	D	E	F		
1. Salaries/Wages								14.77
a. Hired Farm Laborer	P5,754.00	600.00	3,462.00	1,550.00	3,500.00	-----	14,866.00	
b. Emergency Laborer	-----	-----	2,300.00	-----	2,700.00	-----	5,000.00	
c. Casual Laborer	-----	-----	-----	-----	-----	-----	-----	
d. Brgy. Tanod	-----	-----	1,200.00	1,200.00	-----	-----	2,400.00	
2. Crop Production								37.98
a. Consumed	505.00	10,080.00	6,500.00	-----	6,000.00	985.00	26,070.00	
b. Given Out	85.00	817.00	100.00	-----	95.00	230.00	1,327.00	
c. Sold	897.00	13,860.00	4,300.00	-----	10,000.00	760.00	29,817.00	
3. Fishing								0.45
a. Consumed	-----	-----	-----	-----	-----	400.00	400.00	
b. Given Out	-----	-----	-----	-----	-----	100.00	100.00	
c. Sold	-----	-----	-----	-----	-----	200.00	200.00]	
4. Items Given by Relatives and friends								6.73
a. Food Items	108.00	100.00	400.00	1,200.00	300.00	600.00	2,700.00	
b. Non-food Items								
1. Cash	600.00	1,000.00	1,000.00	600.00	-----	800.00	4,000.00	
2. Kind	400.00	400.00	600.00	1,050.00	600.00	400.00	3,500.00	
5. Animal Production								8.25
a. Consumed	500.00	1,600.00	600.00	154.00	600.00	-----	3,454.00	
b. Given Out	65.00	200.00	-----	65.00	-----	-----	330.00	
c. Sold Out	1,500.00	4,060.00	1,700.00	408.00	1,000.00	-----	8,668.00	
6. MPSAP Facilitated Project (Vegetable Gardening)								21.88
a. Consumed	483.00	908.75	632.00	416.00	608.00	765.00	3,812.75	
b. Given Out	260.00	415.75	150.00	209.00	65.00	337.00	1,436.76	
c. Sold	3,707.50	6,304.25	4,907.00	4,405.00	4,708.00	3,687.00	27,718.75	
7. Others								9.86
a. Food/Fish Hawking	-----	-----	250.00	-----	-----	-----	250.00	
b. Mat Weaving	-----	-----	-----	-----	-----	537.00	537.00	
c. "Masiao" or "Ending"	-----	5,400.00	800.00	4,800.00	400.00	-----	11,400.00	
d. Borrowed Money	200.00	1,500.00	-----	-----	1,000.00	-----	2,700.00	
<b>Total</b>	<b>P15,064.00</b>	<b>47,244.00</b>	<b>28,901.00</b>	<b>16,057.00</b>	<b>33,576.00</b>	<b>9,801.00</b>	<b>150,637.00</b>	<b>100.00</b>

### Relationship between average income and average family expenditures

Figure 1 shows the relationship between the average income and average family expenditures of the households. A bar graph was drawn

to clearly show the expenditure patterns of households and show the equality between expenditure and income pattern of the case families.

Case families A, C and E were dis-saving wherein family expenditures exceeded family income. The excess amount was therefore con-



**Table 4.** Total household expenditure of vegetable cooperators (n=6)

Items	Cooperators						Total	Percent
	A	B	C	D	E	F		
Food							48.47	
a. Purchased	10,168.00	4,045.00	7,535.00	8,712.00	7,195.00	4,518.00	42,173.00	
b. Farm Produced	590.00	10,988.00	6,932.00	416.00	8,608.00	1,750.00	29,284.00	
c. Given by Relatives	108.00	100.00	400.00	1,200.00	-----	600.00	2,408.00	
Light/Kerosene	240.00	552.00	340.00	240.00	558.55	200.00	2,130.55	1.39
Recreation								3.57
a. Playing "Masiao and "Ending"	153.00	710.00	235.00	586.00	75.00	-----	1,759.00	
b. Smoking	480.00	-----	-----	300.00	125.00	-----	905.00	
c. Drinking	465.00	956.00	632.00	394.00	345.00	-----	2,792.00	
Education								12.56
a. Transportation	-----	4,382.00	2,415.00	-----	5,636.00	-----	12,433.00	
b. School Fees and Supplies	-----	2,000.00	1,068.00	865.00	2,800.00	-----	6,733.00	
Clothing and Footwear								7.29
a. Purchased	800.00	3,031.00	1,600.00	800.00	3,500.00	200.00	9,931.00	
b. Given by relatives	-----	-----	300.00	600.00	-----	300.00	1,200.00	
Medicine	250.00	1,495.00	350.00	250.00	200.00	200.00	2,745.00	1.80
Transportation or Vacation	368.00	1,500.00	560.00	250.00	250.00	168.00	3,096.00	2.03
Housing	400.00	1,600.00	1,000.00	300.00	-----	200.00	3,500.00	2.29
Miscellaneous	685.00	785.00	775.00	644.00	865.00	580.00	4,334.00	2.84
Assistance to Relatives or Daughters	100.00	1,300.00	-----	-----	-----	-----	1,400.00	0.91
Farm Inputs	350.00	4,900.00	4,900.00	500.00	4,500.00	800.00	25,550.00	16.76
<b>Total</b>	15,137.00	47,944.00	29,042.00	16,057.00	34,657.00	9,516.00	152,373.00	100

sidered as debts of the family for the month which were usually taken from a nearby small sari-sari store and from NengNeng Borela (owner of palay mill). On the other hand, two families (B and F) saved part of their income. Case family D shows that the level of income was just enough to meet all the family consumption expenditures.

Consumption expenditures of families are primarily determined by income levels but many other factors influenced the level of consumption. The family size, age level and other factors such as the relative prices of the consumption items were also important determinants. One of the consumption hypothesis stressed that expenditure increases with income but its value diminishes as income increases. Therefore, the

higher the disposable income, the more varied the family consumption.

Families with low income allocate a large proportion of their income on the basic items especially food. As income increases, the fraction of income allocated to food and other basic items decline because families tend to allocate their income to other household needs in addition to food and other basic necessities. For instance, the percentage of total expenditure allocated to education increased as income increased. This trend was principally due to the number of household members going to school. However, expenses of this type was also dependent on the level of education pursued by the household members. Farming expenses, on the other hand,



showed a more or less constant percentage of the total expenditures as income increases. However, actual observations showed that the farm size also affected farming expenses of households.

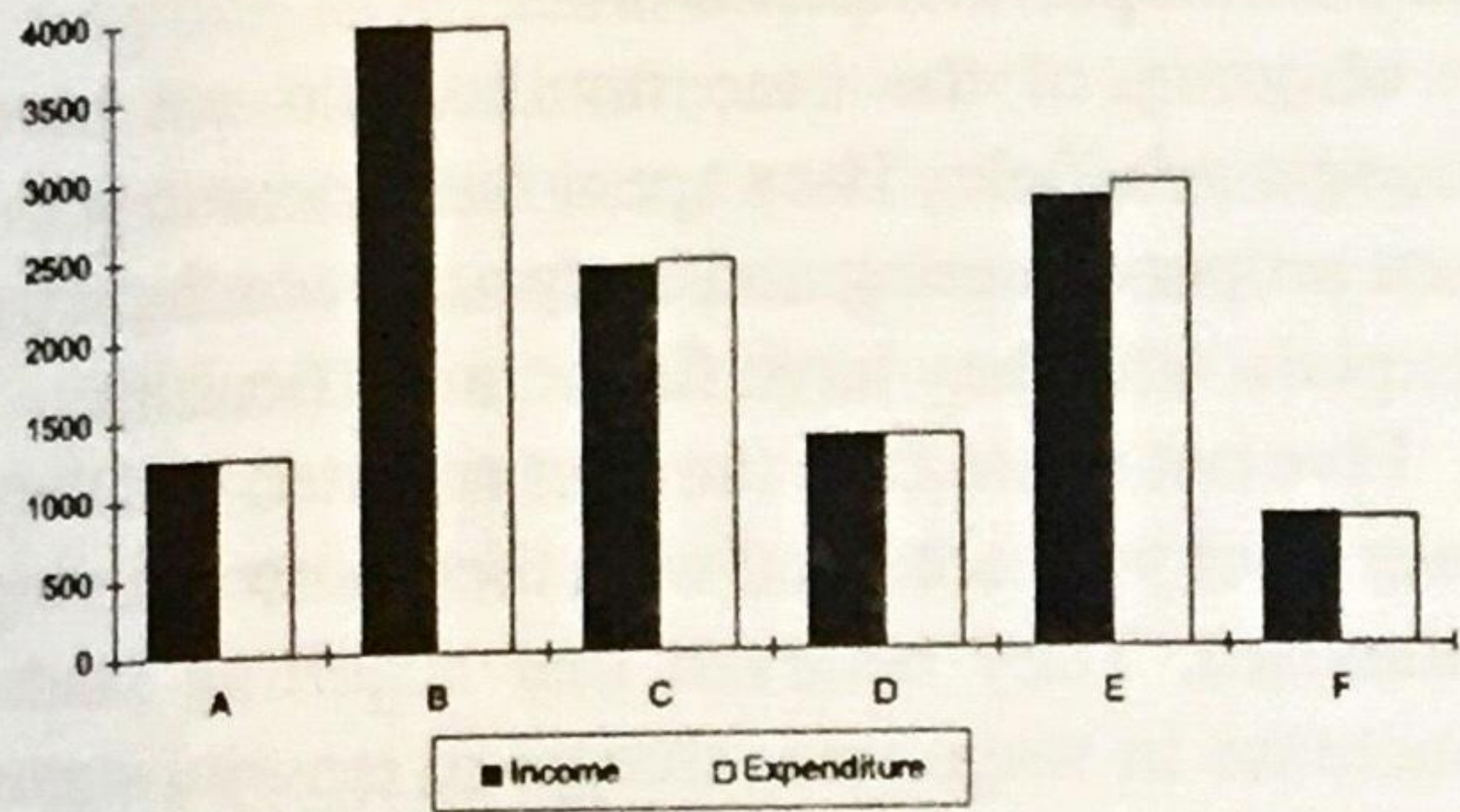


Figure 1. Relationship between average family income and average family expenditure.

### Budget schedule, contentment and perception of respondents

Table 5 shows that majority of the family respondents reported that they had no budget schedule. Only one family had a budget schedule planned by both husband and wife. This indicates that most of the case families did not have proper planning and budgeting of their income. This supports the observation that in the poorer households, what they earn is what they eat ("isang kahig, isang tuka").

The case families reported that they were not yet contented with their present economic situation. Respondents believed that acquiring lands,

Table 5. Distribution of families with or without budget schedule.

Items	No. of Respondents	Percentage
With budget schedule	1	10
Without budget	5	90
Total	6	100

more vegetable or farm inputs and high salary/wage rate could increase family income in order to offset the current high cost of living (Table 6). Others believed that their standard of living could be improved through higher education, change in tenurial status, and increase in prices of farm and vegetable products.

Table 6. Perception of respondents regarding standard of living.

Factors	Number Reported*
Acquiring lands	6
Increase rate of salary and wages	5
Higher education/Good job	4
Increase of prices of farm products	6
Change in tenurial status	1

\*Multiple response

### PROBLEMS ENCOUNTERED

Among the problems encountered by the case families, high prices of basic commodities and low wage rate ranked first and second, respectively. All the respondents revealed that the present family income could not meet the increasing cost of living. Majority of the respondents had insufficient income and there was no proper allocation of income and prioritization of expenditures. Education of children was also one of the prevalent problems encountered by families especially that school institutions were located far from their residence. It was also noted that there were no children who went to college. The highest education attained by the children was only a high school graduate. Unemployment and lack of needed inputs for farming were considered minor problems of the households.

### SUMMARY

The study was conducted from January to December, 1994 in Brgy. Pangasugan, Baybay, Leyte. The information for this study was ob-



**Table 7.** Problems encountered.

Items	Total Number	Rank
Financial problem	6	1st
Present Prices	5	2nd
Insufficiency of income and proper allocation	6	1st
Unemployment	1	5th
Education of children	4	3rd
Lack of needed equipment or inputs of farming	2	4th
Low rate of salaries/wages	5	2nd

tained through record keeping. The study determined the income and expenditure patterns of selected vegetable cooperators in Brgy. Pangasugan. Specifically, the study attempted to 1) describe the income and expenditure patterns; 2) determine the relationship between income and consumption expenditures; and 3) identify problems that respondents encountered in relation to their income and expenditure patterns.

The mean age of husbands and wives were 48 and 50 years old, respectively. Respondents and their spouses only reached the elementary level. They had an average educational attainment of 4 years. Households heads were all farmers who have engaged in farming for about 21 years. Households were relatively large in size. The average size of household was 5 and the average household dependents was 4.

The income of the case families were derived from various sources which included wages in threshing palay, carpentry, and income from rice, vegetable, poultry and livestock production. The total annual income was P150,637.00 and the average monthly income was P2,538.55.

Income of the households differed from each other due to differences in sources and amount of income earned by each household. Every family had its own pattern of expenditures to meet different household needs which were mainly dependent on the level of income the household had attained.

The average monthly expense of the respondents was P2,738.40. A large proportion of the total expenditures was usually spent on food. This study generally supports the absolute income hypothesis of Keynes's that for low-income families, basic items were the major components in consumption expenditure.

Majority of the case families did not have budget schedule. They spent their income without proper planning and budgeting which partly explain why they have financial difficulties.

Five out of six case families reported that they were not yet contented with their present living standard. They believed that acquiring lands, increase in wage rate, change in tenurial status and better price of farm produce could increase their family income which can compensate for high cost of living.

The most prevalent problems that the case families encountered were high prices of basic commodities, insufficient income and low wage rate. Families revealed that there is a need to increase their income to meet different household needs.

## CONCLUSION AND IMPLICATION

Findings revealed that the income of the vegetable cooperators were relatively low and varied.

Since farming was the dominant occupation of the people and the major source of income, improvement of their farms must be considered in any development program.

The prevalent problem of the case families in relation to their income was high cost of basic commodities and services. This is usually due to the present economic crisis of the country which results in very high inflation rate. This suggests that in order for families to cope with the present condition, the government should encourage and assist these families in implementing self-reliant projects that will help them meet their basic needs. Moreover, vegetable gardening should be



practiced in order to meet the daily nutritional needs and provide cash for their children going to school especially the fare in going to and from school.

Case families spent their money without proper planning and budgeting which partly explains why they have financial difficulties. This implies that they need an orientation or training on the importance of proper planning and budgeting for household expenditures and on proper allocation of income.

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