

ASSESSING SELF-CONSUMPTION IMPORTANCE ON THE INCOME IN RURAL AREAS

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Abstract

Value of goods produced and consumed is an important part of the lifestyle of the rural population, own consumption delimiting subsistence economy size and living standards. Under these circumstances, this paper aims to assess the importance of self-consumption in population income and expenditure structure and its implications for different social groups in rural areas. In 2011, in rural areas, the equivalent consumption of agricultural products from own resources accounted for 37.4% of total revenues and 47.0% of the total food consumption. In this context, our main results emphasize that high values indicate an involution in own consumption from an economic perspective and a growing importance of agriculture in ensuring non-monetary income of the rural population.

Key words: food consumption, lifestyle, self-consumption, social groups

INTRODUCTION

The self-consumption in Romania is a way of life in rural areas and this phenomenon is extended in the present even in urban areas due to the strong connection between these two areas of residence (more and more people from urban areas possess houses with land in rural areas).

Due to the economic crisis of the last years, the dimension of self-consumption has risen, reaching in rural areas a level of 33.4% of total income of a household (2011) after a minimum of 28.1% in 2009. This tendency becomes more important when we notice that compared with 2006 in 2011 the self-consumption has grown with 45% in real terms.

In this context, the present paper purposes to analyse the dimension of self-consumption in direct correlation with the level of income and expenditure of the households. To reach this objective we assessed the importance of self-consumption in population income and expenditure structure and its implications for different social categories especially in rural areas.

The main results of the paper emphasize that the high values and rising of self-consumption indicate an economic involution and reveal a growing importance of agriculture in ensuring the income of the rural population.

MATERIALS AND METHODS

In order to set up this paper, the data regarding income, expenditure and self-consumption have been collected from National Institute for Statistics for the period 2006-2011 [1]. Starting with this data we realized a statistic analysis based on time series of data and fixed basis index. Also, following the purpose of our research, we made an analysis from an ante and post enlargement point of view and also between rural and urban areas.

RESULTS AND DISCUSSIONS

In Romania, as we already mentioned, the self-consumption is a way of life. Even in the period of economic growth (2006-2009) when the total income and monetary income were increasing, the income in kind from own resources rose with over 20%.

Starting with 2010 the effects of the economic crisis and the political measures that affected the incomes of all households determined self-consumption to reach a level with 34,4% higher than in 2006 (Table 1).

Table 1. The monthly average income of household in the period 2006-2011, by main income categories, in Romania

	Total income	Monetary income	Income in kind	Equivalent value of own resources
2006	1386.3	1118.8	267.6	221.2
Share in total income (%)	100.0	80.7	19.3	16.0
2007	1608.9	1305.6	303.3	254.2
Dynamics 2006-2011 (% 2006=100)	116.1	116.7	113.4	114.9
Share in total income (%)	100.0	81.1	18.9	15.8
2008	1885.3	1566.3	319.0	261.2
Dynamics 2006-2011 (% 2006=100)	136.0	140.0	119.2	118.1
Share in total income (%)	100.0	83.1	16.9	13.9
2009	1940.0	1622.9	317.1	266.2
Dynamics 2006-2011 (% 2006=100)	139.9	145.1	118.5	120.4
Share in total income (%)	100.0	83.7	16.3	13.7
2010	1819.3	1526.0	293.3	258.8
Dynamics 2006-2011 (% 2006=100)	131.2	136.4	109.6	117.0
Share in total income (%)	100.0	83.9	16.1	14.2
2011	1804.1	1473.7	330.4	297.4
Dynamics 2006-2011 (% 2006=100)	130.1	131.7	123.5	134.4
Share in total income (%)	100.0	81.7	18.3	16.5

*real values expressed in constant prices of 2006
 Source: INS

The share of self-consumption in total income followed the trend we mentioned reaching a minimum of 13,7% in 2009 and a maximum of 16,5% in 2011 (Figure 1).

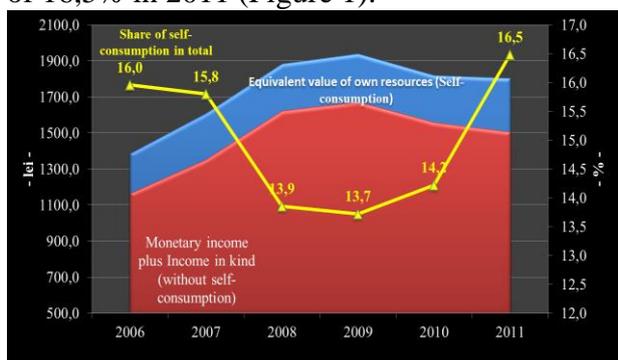


Figure 1. The monthly average income of household, by the main income categories and the share of self-consumption in total income, in the period 2006-2011, in Romania

The evolution of monthly average household expenditure in the analysed period, even if it followed the same trend, had a smaller dynamics than the income (Figure 2).

The effect of the economic crisis is reflected by the saving ratio too, which after a maximum of 11,6% in 2009 reached in 2011 only 9,7%.

In this situation, the importance of self-consumption in the total expenditure structure grew from a value around 15,5% in 2008-2009 to a value of 18,2% in 2011.

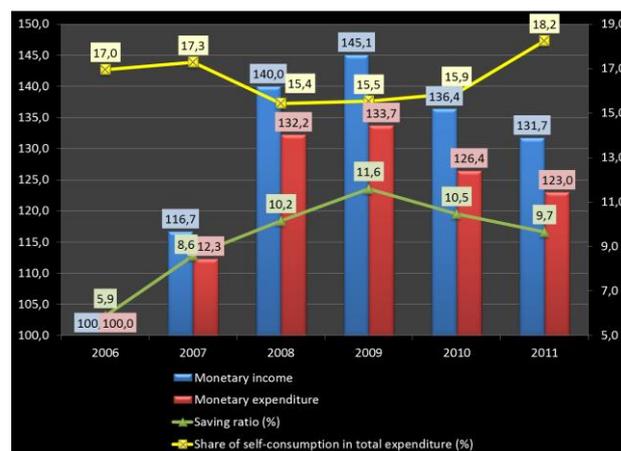


Figure 2. The monthly average monetary income and expenditure of households, saving ratio and the share of self-consumption in total expenditure, in the period 2006-2011 in Romania

Rural-Urban comparisons

The monthly average income structure by residence areas indicates that the increasing importance of self-consumption in our country is due especially to the household from rural areas (Figure 3). In rural households the self-consumption reached in 2011 a value of 33,4% and the monetary expenses represented only 65,3%.

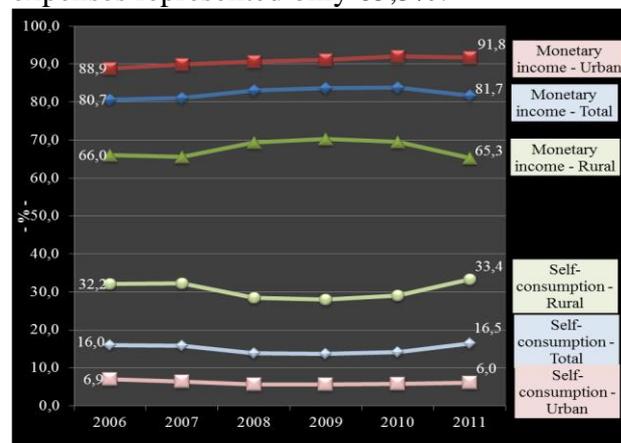


Figure 3. Income structure by area of residence – 2011

The increase of the share of self-consumption in total income in the period 2006-2011

doesn't seem important but if we analyze the dynamics of this indicator in the period 2006-2011 (Table 2) we may observe that the incomes from own resources had the biggest growth (45.0%). This situation is high importance due to the gaps between these two types of households. Even the monetary income of rural households increased more than in urban households, in 2011, the rural population earned only 57.7% from the level of urban income.

Table 2. The monthly average income and expenditure of household dynamics in the period 2006-2011, by area of residence, in Romania

	Area of residence	2006	2011	2011/2006
		lei	lei	%
Total income	Total	1386.3	1804.1	130.1
	Urban	1575.4	1965.1	124.7
	Rural	1139.9	1592.6	139.7
Rural/Urban - %		72.4	81.0	-
Monetary income	Total	1118.8	1473.7	131.7
	Urban	1400.0	1803.6	128.8
	Rural	752.1	1040.5	138.3
Rural/Urban - %		53.7	57.7	-
Income in kind	Total	267.6	330.4	123.5
	Urban	175.4	161.5	92.1
	Rural	387.8	552.1	142.4
Self-consumption	Total	221.2	297.4	134.4
	Urban	109.5	118.9	108.6
	Rural	366.8	531.8	145.0
Savings ratio - %**	Total	3.2	9.6	-
	Urban	3.6	10.5	-
	Rural	2.0	7.6	-

*real values expressed in constant prices of 2006

** calculated for monetary incomes and expenses

Source: INS

The gaps between urban and rural population in 2011 in terms of monetary income was 1.73:1 leu, smaller than in 2006 when it was 1.86:1 leu. The rural household succeeded to reduce these gaps regarding monetary incomes due to the higher increase of the incomes from gross salary and other salary rights, independent non-agricultural activities and social protection. Despite this gap reduction, in 2011, the saving ratio in rural households (calculated for monetary resources) was only 7.6% while this indicator reached 10.5% in urban households.

Table 3. The monthly average income dynamics, by area of residence and major social category, in 2006-2011 periods

	Rural	Urban
Employee		
Total income	130,2	120,9
Monetary income	131,7	124,4
Gross salary and other salary rights	138,4	126,1
Income from agriculture	105,9	92,6
Income from independent non-agricultural activities	136,0	52,2
Income from social protection	101,2	123,0
Income from sale of assets from household patrimony	111,0	58,5
Income in kind	125,3	87,3
Equivalent value of own resources (self-consumption)	130,2	105,2
Unemployed		
Total income	97,5	130,1
Monetary income	86,1	136,6
Gross salary and other salary rights	184,1	145,4
Income from agriculture	83,9	49,2
Income from independent non-agricultural activities	163,2	173,5
Income from social protection	95,8	132,9
Income from sale of assets from household patrimony	13,7	136,6
Income in kind	131,5	99,2
Equivalent value of own resources (self-consumption)	133,2	109,1
Self-employed in non-agricultural activities		
Total income	120,7	113,1
Monetary income	109,2	114,6
Gross salary and other salary rights	89,1	128,5
Income from agriculture	74,9	244,3
Income from independent non-agricultural activities	103,7	115,5
Income from social protection	141,4	129,7
Income from sale of assets from household patrimony	127,4	100,2
Income in kind	151,4	100,9
Equivalent value of own resources (self-consumption)	151,5	95,0
Pensioner		
Total income	147,3	140,9
Monetary income	155,8	148,4
Gross salary and other salary rights	145,8	130,7
Income from agriculture	91,6	116,3
Income from independent non-agricultural activities	104,2	96,4
Income from social protection	174,8	165,3
Income from sale of assets from household patrimony	293,0	83,1
Income in kind	133,3	96,8
Equivalent value of own resources (self-consumption)	135,3	115,9
Farmer		
Total income	147,8	105,7
Monetary income	127,1	114,9
Gross salary and other salary rights	155,7	81,2
Income from agriculture	121,8	171,3
Income from independent non-agricultural activities	153,7	230,4
Income from social protection	103,1	77,1
Income from sale of assets from household patrimony	189,0	63,6
Income in kind	173,7	89,7
Equivalent value of own resources (self-consumption)	174,8	90,8

Source: INS

Rural-Urban social categories comparisons

In employees' households the total income increased in the period 2006-2011. We also observe in rural areas an increase of incomes from non-agricultural activities (36.0%), salaries (31.7%) and self-consumption (Table 3). The contribution of self-consumption to the formation of income in 2011 was 20.8% (Figure 4).

In unemployed' households from rural areas we may observe a reduction of 2.5% in total income and an increase of 84.1% of salary rights, 63.2% of social protection income and 33.2% of self-consumption. Due to this situation, the contribution of self-consumption to the formation of income in 2011 was 32.1%.

For the households of those self-employed in non-agricultural activities from rural areas in 2011 only 31.5% were incomes from the main activity, over 32% being formed by the self-consumption incomes. We also may observe that in urban households there is an evident tendency to complete the incomes by selling agricultural products or by self-consumption.

In pensioners' households, if, in urban areas, there is a direct dependence to pension and social protection incomes, in rural areas, the self-consumption increased in the period 2006-2011 with 35.3%. So, in 2011, the contribution of self-consumption to the formation of income was 33.1%.

The income of farmers' households from rural areas registered the biggest increase (47.8%) due to the growth of salary rights (55.7%) and agriculture (21.8%), but especially due to the growth of self-consumption (74.8%). In these conditions, in 2011, 51.3% of the farmers' income was formed by the self-consumption and only 22.8% by sale of agricultural products.

CONCLUSIONS

1. Starting with 2010, the effects of economic crisis and the political measures that affected the incomes of all households determined self-consumption to reach a level with 34,4% higher than in 2006.

2. The gaps between urban and rural population in 2011 in terms of monetary income was 1.73:1 leu, smaller than in 2006 when was 1.86:1 leu.

3. Self-consumption value in 2011 remains between 20-30% of revenue of all professional categories, with the highest value of 51.3% for farmers.

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[1] www.insse.ro, Tempo online

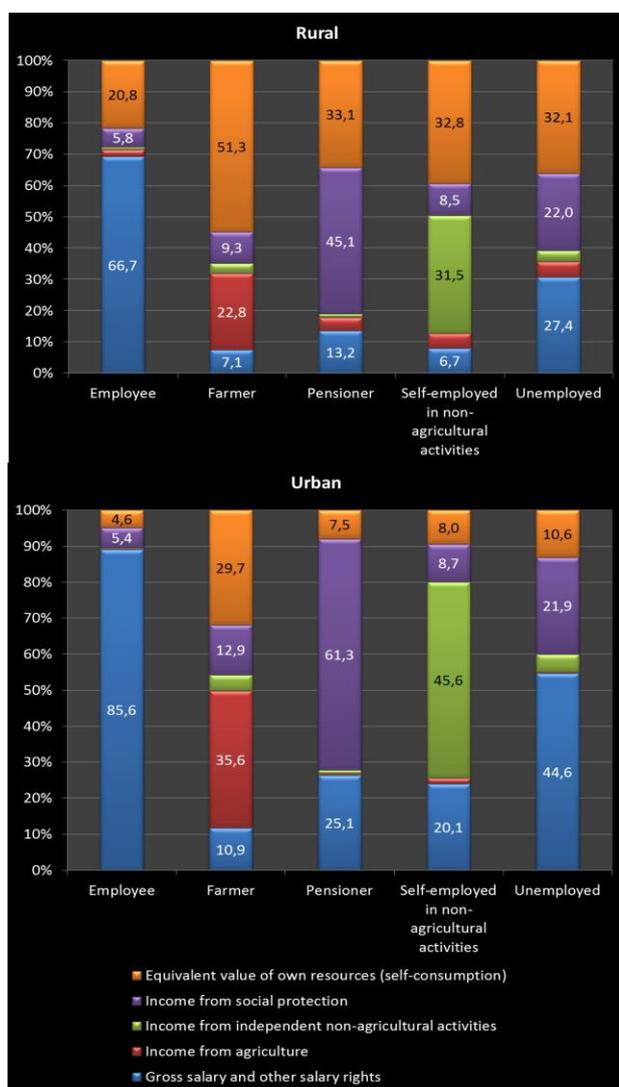


Figure 4. The monthly average income structure, by area of residence and major social category, in 2011