



Munich Personal RePEc Archive

Analysis of nominal income evolution in the rural area, on types of households. Case study, South Muntenia region

Daniela Cretu and Radu Andrei Iova and Elena Lascar

University of Agronomical Sciences and Veterinary Medicine
Bucharest, Calarasi subsidiary, University of Agronomical Sciences
and Veterinary Medicine Bucharest, Calarasi subsidiary, University
of Agronomical Sciences and Veterinary Medicine Bucharest,
Calarasi subsidiary

21. October 2013

Online at <http://mpra.ub.uni-muenchen.de/54999/>

MPRA Paper No. 54999, posted 3. April 2014 04:35 UTC

ANALYSIS OF NOMINAL INCOME EVOLUTION IN THE RURAL AREA, ON TYPES OF HOUSEHOLDS. CASE STUDY, SOUTH MUNTENIA REGION.

DANIELA CREȚU, RADU ANDREI IOVA, ELENA LASCĂR¹

Abstract: *The income and consumption of the population are determined by the general evolution of the national economy, these know effects of the accession and post-accession processes of the country to the European Union. In this respect, in the present paper we proposed to study the evolution of the household, of the agricultural and non-agricultural income, supposing that the agricultural income determined a favourable evolution, using the research methods documenting, analyzing and processing of data by the secondary analysis. In Romania in the analysed period, the decrease of the purchasing power of available income, inflation, high prices and tariffs for some goods and services led the households to reduce consumption to the bare minimum and to try to keep as much as possible the prior levels of consumption choosing to save costs.*

Key words: *agricultural household, rural population, nominal income, agricultural income, non agricultural income*

INTRODUCTION

The consumption and costs on the agricultural production include : the value of the material resources purchased in the current year for the purpose of producing the agricultural production, payment for services and work performed by other organizations (persons) (ploughing, reaping, etc), the remuneration of persons employed, the contributions for social security and for health insurance, made for workers employed, paying for rent land, fixed assets objects, animals, etc. .

The income related to the agricultural activities include: income from the sale of plants and animal production (including sale from processed production), fishing activities; income from land lease transmission, technology and other assets; income from performing work and services; amounts from the sale of fixed assets of production and other goods, subsidies and allowances issued from the state budget related to the agricultural production and the amounts of credits (loans) taken for the needs of the agricultural production and other income (compensations of insurance, fines, penalties, damages, compensations and others) [3].

MATERIAL AND METHODS

As research methods, we used documenting, the analysis and data processing from a secondary analysis. These methods are based on the synthesis processes, induction and deduction, analogy and comparative analysis. Once the information was defined, known and interpreted, the next step was the detailed documenting of the interest field. In the analysis activity, the study of the documentation available for the field or for the analysed system is a starting point. This allows in the analysis to obtain the first knowledge and information. The documentation implied also the analysis of the legislation or the compared analysis of the various specialised sources.

The documenting, the analysis and the data processing and the information obtained from the following sources: The Statistical Yearbook; The socio – economic profile of South Muntenia Region[4].; The economic pre-accessing plan of Romania; Statistical data of the County Chamber of Commerce and Industry and the County Agency for Labour Force Training and Employment; Statistical data of the Department for Agriculture and Rural Development; The development strategy of the counties, elaborated by the county councils; the Publications of the National Statistics Institute.

¹ PhD Associate Professor Daniela CREȚU, PhD University Assistant Radu Andrei IOVA, PhD University assistant Elena LASCAR, University of Agronomical Sciences and Veterinary Medicine Bucharest, Calarasi subsidiary

RESULTS AND DISCUSSIONS

As it is shown in table 1., total nominal income, on an average household increased from 1,085.79lei in 2004, to 2,131.67 lei in 2008 and 2,417.26 lei in 2011, namely by 122.6% more. The households of the employees have the highest level of income, and the unemployed the lowest one. For 2004-2011, the pensioners recorded a continuous increase of average income per household, in 2008 and 2011 exceeding the farmers income (of 1,594.47 and 1,672.24 lei), by 109.91 lei and respectively 233.2 lei, but not also in 2011 when the pensioner income are lower by 68.71 lei per household.

Table 1. Evolution of nominal income in Romania on types of households

Specification	2004		2007		2010		2011	
	Lei/household	%	lei/household	%	lei/household	%	lei/household	%
TOTAL households	1085,79	100,0	1686,74	155,3	2304,28	212,2	2417,26	222,6
Employees	1478,79	100,0	2347,16	158,7	3091,09	209,0	3146,53	212,8
Farmers	988,05	100,0	1281,9	129,7	1672,24	169,2	2085,67	211,1
Unemployed	758,98	100,0	1136,03	149,7	1647,32	217,0	1637,5	215,8
Pensioners	843,35	100,0	1274,07	151,1	1905,44	225,9	2016,96	239,2

Processed according to: *Romania Statistical Yearbook, time series 2005, 2008, 2012, INS [1]*

The data presented in the table, highlights the increase of the nominal income on types of households, in absolute value, in the period 2004–2011, but its percent expression from the total value, reveals a decreasing percent, for the category of farmers households from 91.0% in 2004, to a 72.57% in 2010, in the favour of the households for employees also in 2011 to 86.28%.

In South-Muntenia Region, in 2008, the total income on types of households for farmers had a value of 510.66lei/month/person, higher than the value of the income for the same category, at national level, of 474.43lei/month/person, highlighting both the percent of population employed in agriculture and the number of farms and the value of agricultural production, obtained in South-Muntenia Region (table no. 2).

The expression in percent of the money income, for the farmer households, was in 2008, at the region level, of 61.4%, compared to the national level, of 54.0%. the percent expression of the income from agriculture at the level of total households represented for South-Muntenia Region 2.2% compared to 2.5% at the country level.

The percent of income from agriculture for the farmer households was of 22.1%, both for South-Muntenia Region and for the country level. The income from independent non agricultural activities for the farmer households represented 3.3% at the region level, compared to the national level of 3.1%, the value being close.

In 2011, the percent expression of the income from agriculture at the level of total households represented 2.7% for South-Muntenia Region, compared to 2.8% at the country level. The percent of income from agriculture for the farmer households was of 22.8% for the region and 23.6% at the country level. The income from independent activities for the farmer households was 2.2% for the region, compared to 3.1% for the country. The counter value of the consumption of agricultural products from own resources was of 40.3% per region, more reduced compared to that of 50% per country. (table 4). The percent of income from agriculture achieved by the unemployed in the region was of 4.5% higher than in the country, and the self consumption was 23.3% per region compared to 17.3% at the country level.

Table 2. Total income of the main categories of households in Romania and in South-Muntenia Region, year 2008

Romania						South-Muntenia Region				
Specification	Total	Households of:				Total	Households of:			
		Employees	Farmers	Unemployed	Pensioners		Employees	Farmers	Unemployed	Pensioners
lei, monthly per one person										
Total income	731,5	894,7	474,43	380,8	692,9	697,6	851,8	510,6	349,9	666,63
Percents										
Money income of which.:	83,1	89,6	54	80,1	78,8	82,5	87,9	61,4	80,1	79,4
Gross salaries and other rights	52,1	81,3	8,6	31,1	22,2	48,2	78,2	12,6	30,8	25,4
Income from agriculture	2,5	0,4	22,1	2,8	2,1	2,2	0,3	22,1	4	1,7
Income from independent non agricultural activities	2,9	0,8	3,1	3,7	1,4	4	1,1	3,3	9,8	1,8
Income from social services	21,6	5,3	15,1	22,6	49,5	22,9	5,4	16,8	23,3	45,7
Income from property	0,3	0,2	0,1	0,9	0,1	0,6	0,1	0,1	-	0,1
Counter value of the income in kind obtained by employees and beneficiaries of social services	3,1	3,3	1,5	3,3	3,1	3,4	3,8	2,3	3,6	3,2
Counter value of the agricultural products consumption from own resources	13,8	7,1	44,5	16,6	18,1	14,1	8,3	36,3	16,3	17,4

Source: Romania Statistical Yearbook, 2009, INS [1]

Table 4. Total income of the main categories of household in Romania and in South-Muntenia Region, year 2011

Romania						South-Muntenia Region				
Specification	Total household	Households of:				Total households	Households of:			
		Employees	Farmers	Unemployed	Pensioners		Employees	Farmers	Unemployed	Pensioners
lei, monthly per one person										
Total income	839,53	1016,0	603,72	497,7	824,40	800,6	939,9	634,2	571,5	792,9
Percents										
Money income of which.:	81,7	89,9	49,0	80,4	78,6	79,1	86,5	58,6	74,7	75,7
Gross salaries and other rights	48,7	81,6	7,3	39,3	19,5	44,8	78,0	12,9	30,1	19,2
Income from agriculture	3,1	0,5	23,6	1,6	2,2	2,9	0,7	22,8	4,5	1,7
Income from independent non agricultural activities	2,6	0,4	3,1	3,8	1,1	2,5	0,4	2,2	3,3	1,2
Income from social services	23,8	5,5	9,5	21,9	53,6	25,4	5,7	14,8	17,3	50,6
Income from property	0,1	0,1	-	0,1	0,1	-	-	-	-	0,1

Counter value of the income in kind obtained by employees and beneficiaries of social services	1,8	2,0	1,0	2,3	1,8	1,9	2,5	1,1	2,0	1,4
Counter value of the agricultural products consumption from own resources	16,2	8,1	50,0	17,3	19,6	19,0	11,0	40,3	23,3	22,9

Source: Romania Statistical Yearbook , 2012, INS [1]

In 2007, at the country level, the net monthly average nominal salary income in agriculture, increased from 748 lei to 1,044 lei/month in year 2011 (table no. 5)..

In 2011, the net average nominal salary income over the country average of 1,044 lei, was obtained in Prahova county, of 1,102 lei, Argeş 1,084 lei, Călăraşi 1,022 lei.

Table 5. Net monthly average nominal salary income in agriculture South-Muntenia Region, in years 2007 and 2011

Development region/county	2007				2011			
	Total economy		Agriculture, hunting and forestry		Total economy		Agriculture, hunting and forestry	
	lei/sal	%	lei/sal	%	lei/sal	%	lei/sal	%
Romania	1042	100,0	748	100,0	1444	100,0	1044	100,0
South - Muntenia	974	93,5	706	94,4	1321	91,5	1014	97,1
Argeş	1008	96,7	745	99,6	1469	101,7	1084	103,8
Călăraşi	845	81,1	658	88,0	1123	77,8	1022	97,9
Dâmboviţa	992	95,2	761	101,7	1254	86,8	1145	109,7
Giurgiu	931	89,3	780	104,3	1236	85,6	1021	97,8
Ialomiţa	889	85,3	654	87,4	1161	80,4	984	94,3
Prahova	1043	100,1	775	103,6	1400	97,0	1102	105,6
Teleorman	841	80,7	666	89,0	1139	78,9	887	85,0

Processed accordign to: Romania Statistical Yearbook, 2008,2012 INS [1]

For South-Muntenia Region, the value of the net monthly nominal salary from agriculture in 2007 and 2011, was of 706 lei and 1014 lei. In absolute values, the indicator increased for agriculture at the region level by 308 lei. The highest values of this indicator at the county level recorder for year 2011 compared to year 2007, in Călăraşi, Ialomiţa, Giurgiu, Prahova and Dâmboviţa counties. The economic increase, implicitly the rural development at South-Muntenia Region level, depends, in the context, by the economic increase and rural development at the country level, in close relation with the implemented agricultural policies. The level of income achieved in the rural area from agricultural and non agricultural activities influences directly and proportionally the economic development in the rural area, the economic development at regional and national level being a restrictive factor [2].

CONCLUSIONS

The population income is an important factor of consumption, which constitutes the main source of economic goods purchase. By its volume and dynamics the income is based on consumption basis. The impact of income on consumption has two components, the first related to the overall level of income and the second related to dynamics of purchasing power of the population.

In general, the rural population has lower income than urban population because of the own occupation in agriculture predominates in the occupational structure and income in non performing agriculture is low [3].

As a result of the European Union accession, the farmers income increased due to the subsidies granted by the community, especially after 2007.

The salaries represented, as usually, the most important source of income, (half of the total income of the households, increasing percent by 2.4 % compared to semester I and by 1.4% compared to semester II 2011).

To the formation of the total income of the households, contributed, also, the income from social services, income from agriculture, income from independent agricultural activities and income from property and from sale of household assets. An important percent is owned also by the income in kind, mainly, the counter value of the consumption of the food products from own resources.

REFERENCES

[1] ***INS- Romania Statistical Yearbook 2005 -2012, INS

[2] Daniela Crețu, Andrei Radu Iova, THE NON-AGRICULTURAL ACTIVITIES IN THE RURAL AREA - VIABLE ECONOMIC ALTERNATIVE: CASE STUDY, ROMANIA- SOUTH-MUNTENIA REGION, **Indian Journal of Applied Research**, Website: www.theglobaljournals.com, ISSN 2249-555X

[3] Iova Radu Andrei, Daniela Cretu -, „*Perception of the life quality in the rural communities in Romania* case study- Călărași county , LAMBERT ACADEMIC Publishing, Germania

[4]*** Regional Development Agency, DEVELOPMENT PLAN OF MUNTENIA REGION, http://www.adrmuntentia.ro/documente/1195475713_1.pdf