

## Analysis of the Savings Behaviour of Rice Farmers in Tiaong, Quezon, Philippines

**Authors :** Angelika Kris D. Dalangin, Cesar B. Quicoy

**Abstract :** Rice farming is a major source of livelihood and employment in the Philippines, but it requires a substantial amount of capital. Capital may come from income (farm, non-farm, and off-farm), savings and credit. However, rice farmers suffer from lack of capital due to high costs of inputs and low productivity. Capital insufficiency, coupled with low productivity, hindered them to meet their basic household and production needs. Hence, they resorted to borrowing money, mostly from informal lenders who charge very high interest rates. As another source of capital, savings can help rice farmers meet their basic needs for both the household and the farm. However, information is inadequate whether the farmers save or not, as well as, why they do not depend on savings to augment their lack of capital. Thus, it is worth analyzing how rice farmers saved. The study revealed, using the actual savings which is the difference between the household income and expenditure, that about three-fourths (72%) of the total number of farmers interviewed are savers. However, when they were asked whether they are savers or not, more than half of them considered themselves as non-savers. This gap shows that there are many farmers who think that they do not have savings at all; hence they continue to borrow money and do not depend on savings to augment their lack of capital. The study also identified the forms of savings, saving motives, and savings utilization among rice farmers. Results revealed that, for the past 12 months, most of the farmers saved cash at home for liquidity purposes while others deposited cash in banks and/or saved their money in the form of livestock. Among the most important reasons of farmers for saving are for daily household expenses, for building a house, for emergency purposes, for retirement, and for their next production. Furthermore, the study assessed the factors affecting the rice farmers' savings behaviour using logistic regression. Results showed that the factors found to be significant were presence of non-farm income, per capita net farm income, and per capita household expense. The presence of non-farm income and per capita net farm income positively affects the farmers' savings behaviour. On the other hand, per capita household expenses have negative effect. The effect, however, of per capita net farm income and household expenses is very negligible because of the very small chance that the farmer is a saver. Generally, income and expenditure were proved to be significant factors that affect the savings behaviour of the rice farmers. However, most farmers could not save regularly due to low farm income and high household and farm expenditures. Thus, it is highly recommended that government should develop programs or implement policies that will create more jobs for the farmers and their family members. In addition, programs and policies should be implemented to increase farm productivity and income.

**Keywords :** agricultural economics, agricultural finance, binary logistic regression, logit, Philippines, Quezon, rice farmers, savings, savings behaviour

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