



## An economic study of some of the factors affecting spending on food in Egypt

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**Abstract :** Food is considered one of the most important basics of life that the state is highly interesting to provide for all citizens since it plays an important role in keeping the individual's health, vitality and his ability to work and produce. Spending money on food and drinking occupies the greatest share of the total consuming spending in the developing countries since it is valued by about 73-80% and by about 9-36% in the developed countries <sup>(1)</sup> from the total consumer spending. As for Egypt, it ranges in-between 39-51% from the total consumer spending <sup>(2)</sup>. Therefore, this study aims at identifying how fare some characteristics of the household head; such as his educational status, position, employment status, economic activity and family size, affect spending on food and drinking and the consumer spending during 2010-2011 and 2012-2013.

This study concludes that the demand on food and drinking is an inflexible demand in both the rural and urban. Besides, it ends that the family's annual spending on food and drinking according to the family size that is reduced in 2012-2013 comparing to 2010-2011 in all segments except the family that is consisted of one individual only. Besides, this study finds out that spending money on food and drinking is increased as long as the job of the family head needs more physical effort. Additionally, spending on food and drinking for all sectors under study, according to the main sector of the household *head* in the urban, is less than that of the rural during the two years of the study, equally. Also, it became clear that as long as the educational status of the household head is increased, the spending ratio on food and drinking in both the rural and the urban is equally decreased. Moreover, the spending ratio on food and drinking according to the employment status of the household head is increased in both the rural and the urban in all sectors in 2011-2012 in comparison to 2012-2013. Finally, this study introduces some recommendations that have the ability to correct spending on food and drinking in all of the society's groups.

**Key Words :** Spending on food and drinking - the educational status of the household head – the economical activity of the household head – family size – the flexibility of spending.

### Introduction:

Food is considered one of the most important basics of life that the state is highly interesting to provide for all citizens since it plays an important role in keeping the individual's health, vitality and his ability to work and produce. Spending money on food and drinking occupies the greatest share of the total consuming spending in the developing countries since it is valued by about 73-80% and by about 9-36% in the developed countries <sup>(1)</sup> from the total consumer spending. As for Egypt, it ranges in-between 39-51% from the total consumer spending <sup>(2)</sup>. The average of spending on food for each family in Egypt reached about 9829.4 pounds that

represented about 38.7% of the total annual consumer spending of the family, which reached about 25388.6 pound and represented about 97% of the family's total, actual and annual consumer spending during 2012-2013<sup>(2)</sup>.

Moreover, studying and analyzing the existing data on patterns of food of any society, either in the rural or the urban, is considered among the important issues to recognize the individual's food needs. It highly helps decision makers in putting the state's policies, either on the total or partial economic level.

### The Problem of the Study:

Lately, the last period has witnessed a lot of economic and political changes and turn over that affect the individuals' income and the level of their spending. This necessitates the attempt to identify these changes in both of Egypt's rural and urban.

### The Object of the Study:

This study aims to identifying how fare some characteristics of the household head; such as his educational status, position, employment status, economic activity and family size, affect spending on food, drinking and the consumer spending during 2010-2011 and 2012-2013.

### Method of Approach and Data Resources:

This study depends wholly on the descriptive and statistical analyzing approach in characterizing the data since the study uses the regression analysis in the double logarithmic function. Besides, this study depends on the data published from the Central Agency for Public Mobilization and Statistics; especially the research entitled *The Income, Spending and Consumption during 2010-2011 and 2012-2013*.

### Results of the Study:

#### The Consumer Spending of the Family:

It is the value of the services and commodities that the family gained either through buying and paying its price, by producing it to use it or through gaining it actual incomes. Besides, spending on food and drinking represents the greatest rate of the consumer spending in comparison with the rest of other spending items.

#### The Family's Annual Spending on Food and Drinking According to the Levels of the Family Spending:

Through studying the levels of the family's annual spending, we can identify the change in spending on food and drinking through using the spending flexible factor. Therefore, the amount of response in spending on food and drinking became clear as a result of the change in the consumer spending by about 1%<sup>(3)</sup>. Through using the research entitled *The Family Budget for Income, Spending and Consumption during 2012-2013* and through studying the relationship between the average of the family spending on food and drinking during a year as a dependent factor and among the total annual spending of the family as an independent factor in the dual, logarethmatic and mathematical image, results were as illustrated in Table (1).

**Table (1) the relationship between spending levels and annual household spending on food and drink in Urban and Rural Areas of Egypt**

statement	Double logarithmic model						
	a	b	T. calculated	R <sup>2</sup>	significant	F	Flexible spending
Urban	0.766	0.858	17.126	0.942	*	239.316	0.766
Rural	2.292	0.685	28.970	0.980	*	839.241	0.685

Source : Collected and Calculated from the Central Agency for Public Mobilization and Statistics data - income and expenditure and consumption Years (2010- 2011 / 2012-2013), the third volume edition (February 2012 and January 2014).

It became clear from the two previous equations in the urban and rural that the spending flexible factor in both the reached about .858 and .685, respectively. These factors are less than the whole number. This shows that the demand on food and drinking is a non-flexible demand. Besides, it is proved that through the increase in the family's total spending by only one unit, the spending on food and drinking increases according to the amount of the flexibility's factor. Also, it became clear that these commodities are very necessary and the significant of these equations is proved.

**The Family's Annual Spending on Food and Drinking According to the Size of the Family:**

Through studying the relative distribution of the family's annual spending on food and drinking, it became clear from table no. (2).

That its rate was decreased during 2010-2011 and 2012-2013 in urban and rural equally except in the family that is consisted of one person only in the urban. This was increased by about 34.8%. As for the rural, it was decreased from 46.8% to about 43% during the same two years. Also, we can notice the decline of the consumer spending rate for all groups understudy between the two years of the study. Besides, we can notice an increase in the spending ratio on food and drinking and the ratio of the consumer spending generally in the urban and the rural.

**Table (2) the relative distribution of the annual expenditure of the family on food and drink in urban and rural areas of Egypt, according to family size 2010-2011 / 2012-2013**

Source: Central Agency for Public Mobilization and Statistics Examining income and expenditure and consumption Years

statement	2010 - 2011						2012 - 2013					
	urban		rural		Total Republic		urban		rural		Total Republic	
	food and drink	consumer expenditure	Food and drink	consumer expenditure	food and drink	consumer expenditure	food and drink	consumer expenditure	food and drink	consumer expenditure	food and drink	consumer expenditure
An individual	34.8	96.6	46.8	97.5	38.7	96.9	35.4	95.8	34	96.6	37.7	96
Two persons	33.3	97.3	43.4	96.3	37	97	33.2	95.9	38.9	95	35.4	95.6
3 persons	34.4	96.9	44	96.6	38.2	96.8	33.2	97.5	40.2	96.1	36.1	96.9
4 persons	35.7	97.9	45.5	97.2	39.6	97.6	33.1	98	41.9	96.5	36.8	97.4
5 persons	35.9	98.1	45.2	97.3	40	97.7	33.9	97.8	40.7	96.8	37.1	97.3
6-7 persons	36.9	98.2	45.2	96.9	41.5	97.5	35.3	97.9	41.9	96.7	39.2	97.2
8 persons or more	40.4	97.1	44.8	96.2	43.7	96.5	40.5	97.2	43.3	96.9	42.6	97

(2010- 2011 / 2012-2013), the third volume edition (February 2012 and January 2014).

**Family's Annual Spending on Food and Drinking According to the Main Job of the household head:**

It became clear from table no. (3) that the highest sector of spending on food and drinking is the farmers' sector and the fishermen since this group reached about 44.4% and 41.9% in the urban during 2010-2011 and 2012-2013, respectively.

**Table (3) the relative distribution of the annual expenditure of the family on food and drink in urban and rural areas of Egypt, in accordance with the profession of the main head of the household 2010-2011 / 2012-2013**

statement	2010 -2011						2012 -2013					
	urban		rural		Total Republic		urban		rural		Total Republic	
	food and drink	consumer expenditure	food and drink	consumer expenditure	food and drink	consumer expenditure	food and drink	consumer expenditure	food and drink	consumer expenditure	food and drink	consumer expenditure
<b>Men legislation, senior officials and managers</b>	31	97.6	41.2	96.4	33.8	97.6	30.3	97.7	37.3	94.9	32.6	96.8
<b>Scientific Professions owners</b>	31	98	41.6	97.1	34	98	30.1	97.4	37.7	96.6	32.8	97.1
<b>Technicians and Assistants Specialists</b>	35.9	98	42.3	97	35.5	98	32.9	97.7	38.6	97.2	35.1	97.5
<b>Employees clerical work</b>	37.3	98.9	44	97.9	38.9	98.9	34.2	98.5	40.1	97.4	37.1	97.9
<b>Workers in the service and retail</b>	38.9	97.7	44.2	97.9	41.5	97.7	35.3	97.7	41.2	97.8	38.2	97.7
<b>Farmers and agricultural workers, fishing</b>	44.4	95.1	48.1	96.1	47.7	95.1	41.9	94.9	45.2	96.6	44.9	96.4
<b>Artisans and them</b>	40.2	98.4	45.7	97.3	42.9	98.4	37.7	97.8	42.1	97.7	39.9	97.8
<b>Run factory workers</b>	39.7	97.9	44.8	97.7	42.2	97.9	36.1	98.3	40.9	97.2	38.3	97.8
<b>Ordinary workers, professionals</b>	42.6	96.9	45.6	96.7	44.3	96.9	40	98	41.1	95.1	40.7	96.3
<b>Does not apply to members of their profession statement</b>	35.4	97.6	43.2	97.9	37.8	97.6	34.8	97.2	40.2	95.9	36.8	96.7

Source: Central Agency for Public Mobilization and Statistics Examining income and expenditure and consumption January 2014). Years (2010- 2011 / 2012-2013), the third volume edition (February 2012 and January 2014).

Also, it reached about 48.1% and 45.2% in the rural for the same sector during the same two years. Besides, the lowest rate of spending on food and drinking was in the sector of legislators, the senior investors, managers and the owners of scientific jobs since these groups reached about 31% in the urban and about 41.2% and 41.6% in the rural in 2010-2011 and about 37.3% and 37.7% in 2012-2013 for the same two sectors. Thus, it becomes obviously clear that as long as the job needs more physical effort, the spending on food and drinking is increased.

#### **Family's Annual Spending on Food and Drinking According to the Main Sector of the household head:**

Table no. (4) shows that spending on food and drinking for all of the sectors under study in the urban are less than that of the rural during the two years of the study, respectively. Also, we can notice that the spending is decreased in 2012-2013 in comparison to 2010-2011 in all sectors, except in the cooperative, civil associations sectors and other.

It reached about 33.1, 34.4 and 34.5%, in the urban respectively during 2010-2011. Then, it was increased to about 34.6, 37.9 and 51.4%, respectively in 2012-2013. As for the rural, spending on food and

drinking along with the consumer spending were reduced during 2012-2013 in comparison to 2010-2011 in all sectors.

Besides, the buildings' outcome achieved the highest spending ratio in the urban during the first year of the study by a rate that reached about 42.4%, while some other sectors achieved the highest spending rate in the rural during the two years of the study since it reached about 48.7% and about 45.6%, respectively.

**Table (4) the relative distribution of the annual expenditure of the family on food and drink in the Urban and Rural areas of Egypt, according to the main sector of household 2010-2011 / 2012-2013**

statement	2010 -2011						2012 -2013					
	urban		rural		Total Republic		urban		rural		Total Republic	
	food and drink	consumer expenditure	food and drink	consumer expenditure	food And drink	consumer expenditure	food And drink	consumer expenditure	Food and drink	consumer expenditure	food And drink	consumer expenditure
governmental	35.1	97.7	43.1	96.6	38.9	97.2	32.9	97.4	39.1	96.3	36	96.8
Public	33.9	96.9	40.8	97.7	36	97.2	32.7	98.1	38.8	97.1	35	97.7
Private investment	31.9	98.1	42.4	98.7	34.7	98.3	30	96.8	38.7	97.2	33.3	97
Special Normal	34.7	98	44	97	37.8	97.7	33.2	98	40	96.8	35.4	97.7
Mutual	37	98.7	40.9	98.7	38.5	98.7	25.8	97.8	36.6	94.5	26.3	97.6
cooperation	33.1	97.4	40.7	97.6	39.4	98.4	51.4	97.4	41.0	97.4	45.9	97.4
Civil associations	34.5	96.9	38.7	99.2	36.2	97.8	37.9	95.7	25.3	90.7	33.6	94
Other	34.4	93.6	48.7	92.6	44.2	93.5	34.6	98.9	45.6	98.9	40.5	98.9
Outside facilities	42.4	97.4	47.5	96.6	46.2	96.8	38.6	97.2	44.3	96.7	42.9	96.8
Statement does not apply to them Profession	35.4	97.7	43.2	97.4	37.8	97.5	34.8	97.2	40.2	95.9	36.8	96.7

Source: Central Agency for Public Mobilization and Statistics Examining income and expenditure and consumption Years (2010- 2011 / 2012-2013), the third volume edition (February 2012 and January 2014).

#### **Family's Annual Spending on Food and Drinking According to the Educational Status of the household head:**

Table no. (5) shows that the family spending on food and drinking is increased according to the decline of the educational status of the head of the family in the urban and rural respectively during the two years of the study. Moreover, the spending rate ranged between two edges; the highest rate reached about 39.5% and 42% among the illiterate group during the two years of the study, respectively.

**Table (5) the relative distribution of the annual expenditure of the family on food and drink in Urban and Rural Areas of Egypt, according to educational level of the household 2010-2011 / 2012-2013**

statement	2010 - 2011						2012 - 2013					
	urban		rural		Total Republic		urban		rural		Total Republic	
	food and drink	consumer expenditure	food and drink	consumer expenditure	food and drink	consumer expenditure	food and drink	consumer expenditure	food and drink	consumer expenditure	food and drink	consumer expenditure
Illiterate	42	97.6	47.3	96.6	45.5	97	39.8	97.4	43.8	96.5	42.5	96.8
Reads and writes	40.4	97.6	46.1	96.5	43.5	97	38.2	97.3	41.6	95.3	40.2	96.1
Literacy Certificate	40.8	98	45.5	97.7	43.6	97.8	37.7	96.8	41	96.1	39.8	96.3
Lower than the average certificate	39.1	97.6	43.6	96.9	41.1	97.3	37	97.9	39.9	96.1	38.3	97.9
Intermediate certificate	37	97.5	44.3	97.6	40.5	97.5	34.6	97.7	40.9	97	37.7	97.4
Certificate of above average	37	98.1	40.9	96.7	38.5	97.6	33.5	97.2	38	97	35.5	97.1
College degree or higher,	28.6	97.9	39.5	96.7	30.8	97.7	28.4	97.5	37	97.1	30.5	97.4

Source: Central Agency for Public Mobilization and Statistics Examining income and expenditure and consumption Years (2010- 2011 / 2012-2013), the third volume edition (February 2012 and January 2014).

Also, it reached its lowest rate that reached about 28.4% and 28.6% among the highly academic group in the urban during the period of the study, respectively. Additionally, it reached about 47.3% and 43.8% among the illiterate sector in the rural during the two years of the study 2010-2011 and 2012-2013, respectively. Besides, it reached its lowest rate by about 39.5% and 37% among the highly academic group during the two years of the study, respectively. Also, the same table shows the decline in the consumer spending rate all over the Republic for most of the sectors during 2012-2013 in comparison to that of 2010-2011.

#### **Family's Annual Spending on Food and Drinking According to the Employmen Status of the household head:**

Table no. (6) Illustrates the relative distribution of the family's annual spending on food and drinking according to the employment status of the household head.

It became clear that the highest rate of urban's spending was on those who work for themselves and do not use anybody. This rate reached about 35.4% and about 37.4% during the two years of the study. As for the rural, the highest rate of spending was on those who work for the family without any wage during the same two years, since it reached about 44.7% and about 49.4%, respectively. The lowest rate of spending on food and

drinking was in the urban on those who work for the family without any wage, since it reached about 21.8% and about 21.4% during the two years of the study, respectively. The lowest rate was on the rural represented in the unemployed who does not work before in 2010-2011. This rate reached about 36.6%, while it reached about 37.6% in the unemployed who worked before in 2012-2013.

**Table (6) the relative distribution of the annual expenditure of the family on food and drink in the Urban and Rural of Egypt, according to the practical situation of the of the household 2010-2011 / 2012-2013**

statement	2010 - 2011						2012 - 2013					
	urban		rural		Total Republic		urban		rural		Total Republic	
	food and drink	consumer expenditure	food and drink	consumer expenditure	food and drink	consumer expenditure	Food and drink	consumer expenditure	food and drink	consumer expenditure	food and drink	consumer expenditure
Cash to be gainfully employed	31	98.3	39.1	96.9	34.7	97.7	33.9	97.8	40.5	97	37	97.4
Employer and other uses	30.4	97.4	41.3	95.6	37.4	96.2	31.1	97.1	43.1	95.8	38.7	96.3
Self-employed and does not use one	35.4	98.4	42.3	96.8	39	97.5	37.4	97.5	42.7	97.3	40	97.4
Working for unpaid family	21.8	98.9	44.7	90.3	43.9	96.1	21.4	97.6	49.4	98.2	34.4	97.9
unemployed who has worked	-	-	-	-	34.2	93.6	32.8	98.5	37.6	95.9	34.2	97.8
unemployed never work	33	95.9	36.6	96	33	96.4	34.4	97.7	41.1	98.3	36.5	97.8
Outside the labor force	30	95.9	39	95.1	32.9	97.4	34.8	97.3	40.3	95.5	37	96.6
Outside manpower	29.9	97.6	38.5	97	35.4	97.1	34.9	97	40.1	96.6	36.6	96.9

Source: Central Agency for Public Mobilization and Statistics Examining income and expenditure and consumption Years (2010- 2011 / 2012-2013), the third volume edition (February 2012 and January 2014).

## Conclusions and Recommendations:

1. Demand on food and drinking is a non-flexible demand in both the urban and the rural.

2. There is a decline in the family's annual spending on food and drinking according to the size of the family in 2012-2013 in comparison to 2010-2011 in all segments except in the family that is consisted of one person.
3. It became clear from this study that spending money on food and drinking is increased as long as the job of the household head needs more physical effort.
4. This study highlights the fact that spending on food and drinking for all sectors under study, according to the main sector of the household\_head in the urban, is less than that of the rural during the two years of the study, equally.
5. Also, it became clear that as long as the educational status of the household head is increased, the spending ratio on food and drinking in both the rural and the urban is equally decreased.
6. Additionally, the spending ratio on food and drinking according to the employment status of the household head is increased in both the rural and the urban in all sectors in 2011-2012 in comparison to 2012-2013

### Recommendations:

1. Providing job opportunities for the unemployed to enable them to face life's hard conditions.
2. Working hard to raise the educational standard of the individuals that will lead to an increase in their awareness.
3. Excerpting efforts to spread the concept of the small family as a means of rationalization of consumption.
4. Working hard to put an obligatory prize for some of those essential commodities to enable the poor family to easily buy them.

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