Cost Structure and Profitability of Oyster Farming in Panay, Capiz

By

Jese B. Baes

An Undergraduate Research Project
Presented to

Prof. Ma. Cecilia T. Pestaño

Division of Social Sciences
College of Arts and Sciences
University of the Philippines in the Visayas

In Partial Fulfillment
Of the requirements for the
Degree of Bachelor of Arts in Economics

March 2002

ABSTRACT

The study focused on the economic analysis of oyster farming; particularly productivity, costs and returns, income, and employment aspects as they relate to different farm sites, farm sizes, and methods of culture in Panay, Capiz. A total of 27 oyster farmers were interviewed. Results revealed that the value of production per farm was estimated at P50,855, greatest in Butacal and least in Bantigue. By farm size, it appeared that the small farms were more efficient per unit area. The combination of broadcast, stake and hanging methods yields the highest crop per farm. Oysters harvested from the farm were primarily sold. About 5% were given away to friends, relatives, or paid for services, and family members consumed only 2%.

Consisting mostly of boat/raft and plots, farm investment was relatively low in Agojo/Tanza Norte than in other farm sites. Butacal had the largest investment of P49,803 per farm. Investment per unit area was relatively less for the bigger farms. The hanging method required the least investment while the broadcast with stake appeared to be the most costly.

Hired labor and food were the major variable inputs, depreciation accounted for fixed cost and opportunity cost primarily included opportunity cost of investment. Total expenses per farm averaged P5,623. By farm size, total costs were lower in larger oyster farms. As the farm size increased, expenses also increased while per unit area decreased with increasing farm size. Oyster farmers using the broadcast with stake method incurred the largest farm expenses.

Gross income was estimated at P49,961 per year. A direct relationship between farm size and gross income exists. By method of culture, the combination of broadcast, stake and hanging methods earned the highest gross income. The same relationships as that for gross income were observed in the analysis of the net income.

On the average, an oyster farmer received a gross profit of P49,727 and a pure profit of P45,232. Gross and pure profit increased with farm size. The combination of the broadcast, stake and hanging methods earned the highest pure profit of P79,511 Small-sized farms and farms that used the hanging method received negative pure profits.

The study recommends that the government should take steps to improve the performance of the farms especially with the low-income farm sites and should seek ways of advancing the socioeconomic condition of oyster farmers. Likewise the municipal governments should properly implement the monitoring of oyster farms to check the socioeconomic conditions, the plans of the oyster farmers, and the obstacles they encountered toward the improvement of their business. Researches directed at enhancing the productivity levels of oyster farming should be given priority. Oyster farming being a part-time activity must be complemented with programs that encourage alternative income sources.