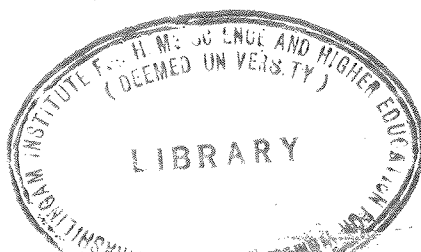


**CRITICAL ANALYSIS OF FAMILY BUDGETS
IN SELECTED RURAL AND URBAN AREAS
OF TAMIL NADU**

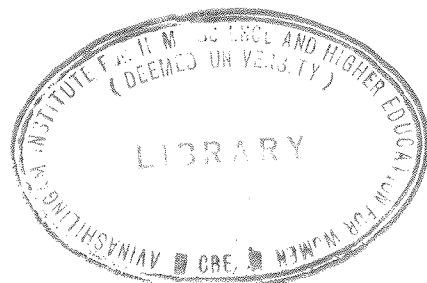
Thesis Submitted to the
UNIVERSITY OF MADRAS
for the Degree of
DOCTOR OF PHILOSOPHY

by
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DEDICATED TO AMMA



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Enrolled in Mahabir Handram

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CHAPTER 1

INTRODUCTION

"Getting money is like digging with a small needle, Spending it is like water soaking into sand"

(Japanese Proverb)

Today, prices of all commodities are soaring sky-high and people's aspirations to achieve better standard of living are also mounting. These developments have resulted in insufficiency of the family's income to make both ends meet. The situation is aggravated further by the home maker's ignorance of and inefficiency in utilising the available resources wisely to maximise the benefits. Money is one of the important tangible resources. Its effective utilisation plays a crucial role in the financial management of the family. But often, even people with adequate incomes face shortage of money, because of reckless and injudicious spending (Dani, 1978).

Money determines the success or failure in relationships between family members and others (Reader's digest, 1970). Money conditions, to a great extent, what the family will be able to achieve in its life time. Often the family's expenditure involved in meeting its needs exceeds the family income. Therefore, wise use of income is of utmost importance. It calls for proper budgeting practices.

Family budget is an integral part of the family's life style. Each family encounters its own management problems. The management of its finances to solve the problems depends on many factors, such as the locality of residence, income and size of the families, stage of life cycle, occupations of the head and others, food habits, state of health of the members, general economic conditions, public utilities available and the governments fiscal policies. Among these, adequacy of income, and its proper use have a great influence on family finance management. The success of the family will depend upon the budget being realistic, flexible and appropriate.

By framing the budget wisely, families can earn greater buying power and financial security and pay their debts or get

back to financial recovery within a short time. Developing viable plans require a conscious spelling out of the family's goals. Home management is concerned with managing human and non-human resources to achieve family goals. Scarcity or limitation of family resources is a challenge to good money management. The resources of the family depend not only upon the amount of money earned, but also on the ability to use it wisely (Haglund, 1958). Hence all families require knowledge of good money management practices to maximise the satisfactions derived from the use of their money income. Many families do not have enough money to meet all the needs of their members. Learning how to get the most out of every paise*, therefore, is a matter of great urgency.

Families, which are economically on the border line, need help to estimate their income and expenditure, and plan their budgets accordingly. In order to help them in this direction, an understanding of their income and expenditure patterns is essential. A study of the income and expenditure patterns of families which have spending plans will show how far

* Paise 1/100th of a Rupee. It is the smallest denominator.

the families have planned reasonably and carried out their plans effectively, so that, desirable changes can be effected. However, not all families who plan their budgets are able to carry them out because of various reasons which may be due to 'external' factors such as price levels, general economic conditions and unforeseen events which are beyond the control of any individual. The gross income earned has a direct bearing on the success of budgeting.

Budgeting or failure to budget occurs at various levels of income. Families with low incomes find planning expenditure difficult because they have to adjust expenditure continually to make both ends meet. Helping them to overcome this problem and to rise in the social and economic scale should be an important function of budgeting. Decisions of families concerning their finance reflect the realisation of financial goals and aspirations, which in turn, determine the family's economic position (Burkhard, 1973). Some families are able to make these decisions skilfully, while others do it in a haphazard manner without any thought for the family goals.

In order to aid families to plan their budgets, records of expenditure are necessary. Records are the tools that provide information which facilitate exercise of control on expenditure and checking its allocation according to plan (Deacon and Firebaugh 1975). However, only a negligible number of families keep records of their income and expenditure on a monthly or yearly basis. Many do not even see the need to have a full picture of their income and expenditure. Without proper plan, they spend almost all their income on major and minor items indiscriminately, and even get into debt.

In money management, evaluation is the most crucial step for improving management skills (Goodyear and Klohr, 1967). Evaluation of the plan in operation will suggest desirable changes to make the procedures more effective. Evaluation will also help to find out the loopholes in the budget, so that families can plug them in time. All these will help to improve the money management plans and practices in the future. However evaluation will be possible only when there is reasonable income and expenditure. As Presvelon (1980) states :

"a standard of living equal or inferior to the subsistence level excludes any possibility of managing scarce financial resources, of

making choices through decisions, about goods and services or of making short or long plans when even the basic physiological needs are not met".

Research experiences in the United States of America (USA) with low income families reveal that management of family resources can occur even at the edge of subsistence and probably at less than subsistence levels (Presvelon, 1980).

According to the World Bank, about 800 million people in the developing world still live in "absolute poverty" - McNamara (1978). In India 32.8 crores now live without the barest minimum needs being fulfilled (Planning Commission, 1978). At this critical economic crisis, knowledge of how the forces which influence family expenditure could be channellised beneficially towards better living.

According to Devadas, (1968) the budget is useful only to those families who have an adequate income and who can envisage their total income and control their expenditure. If the income is below the minimum for decent living, budgeting would not be helpful. A number of surveys and studies conducted in India reveal that food expenditure is the dominant item of

consumer expenditure for low income families, forming the major portion (85 per cent) which represents the poverty status of families (Jather and Beri, 1960). In these circumstances, the low income families need assistance to augment their family income followed by education on budgeting.

On the other hand the middle income families need budgets to stretch their level of living. (Troelstrup, 1969). Families in this group usually spend enough on consumer durable goods, such as cars, furniture and appliances but they generally do not budget for these things; hence, they resort to the use of instalment credit more often than their income might indicate. This leads to debts.

Great wealth does not bring it's possessors happiness and satisfaction unless they know how to manage it properly (Reader's Digest, 1970). Dervin's (1965) study revealed that some families with adequate income spent recklessly. It appears that they either had debts or lived in a poorly furnished house which was in need of repair. Families without children and any encumbrances or responsibilities also spent their entire income and mortgaged the house and had additional loans. Therefore, income and expenditure studies, for this group of families are

specially valuable as a guide for wise spending.

For the more affluent families with incomes adequate to meet all the necessities of life, leaving large margins for comforts and luxuries, budgeting is even more necessary. At this income level, budgeting will have a significant effect on the quality of consumption.

The concern for providing food, shelter and other basic amenities to the teeming millions has been upper most in India's "Five Year Plans". Like other countries, India has been engaged in a battle to raise the living standards of her people. Inspite of the bold efforts on the part of the Government, the Indian per capita income per year turns out to be only Rs.678.80 at 1970-71 price levels, and Rs.1378.80 at 1979-80 price level (Directory and Year Book, 1982). Even this income is not evenly distributed. The economic gulf between the rural and urban areas is striking. Therefore the need for improving the budgeting practices and raising the standard of living of the people is great. For this purpose, studies of the income and expenditure patterns of families throughout the country are urgently needed.

Since Independence, several national programmes have been launched to increase productivity towards prosperity.

Between 1950 and 1978, India's per capita gross domestic product measured in constant 1970-71 prices had risen from Rs.519/- to Rs.810/- which represent an increase of 60 per cent. This indicates the spread of literacy, increased opportunities for education and change in the pattern of consumption. More and more people are becoming aware of the need for better standard of living, although a number of obstacles prevent families from achieving their goals. One of the biggest obstacles is the current inflationary tendencies with regard to consumer articles. Today, food, shelter, clothing, transport, and numerous other items are more expensive than they were a few years ago. Although money income has risen over the past few years by 11 percent, it is still unable to catch up with the spiralling increase in prices. Consequently the soaring prices have pushed the poor steeper into debts, upset precariously the balanced budgets of the middle classes and changed the life styles of even the rich.

Concern for alleviation of poverty and improvement of levels of family living imply standard budgets which are current, specific and based on reliable data. Standard budgets are to be based primarily on the socio economic cultural practices of families which however do not run counter to the judgement of

experts or on scientifically determined norms in respect of the bare necessities of life. Standard budgets are needed by individual families who seek guidance on how to allocate their money among different goods and services. The budgets thus developed are intended to serve as models with which family's consumption practices can be compared and also adopted suitably for the needs of the family.

Studies of budget practices might be of special importance in the context of planning for the economic development of the family. The expenditure pattern of families, the way they utilise their purchasing power are the best yardsticks to measure their living standards. A study of the actual income and expenditure pattern of the families among the various sections of the country would help to understand the disparities in their standards of living. Such studies could form the basis for evolving and implementing remedial measures.

To a Home Scientist, family budgets have even greater utility. By studying the budgets of different classes of people the Home Scientist can find out the percentage of income spent by different classes of people on necessities, comforts and luxuries. Such a study helps not only to ascertain the standard

of living of the people, but also to find out whether or not society on the whole is spending enough on nutritious food from the point of view of health; whether or not the educational needs of children are being met, whether or not families live in decent houses with basic amenities and whether or not sufficient medical aid is provided for the members. It is only after assessing these consumer needs in a society that the economist can suggest in what direction improvements are necessary and how they can be brought about.

In this way, the study of income and expenditure patterns helps to shape the national economy. It is particularly helpful for producers of consumer goods. An understanding of the expenditure patterns of the families can help the producers to forecast the demands and direct their production constructively avoiding waste, which, in turn will lower the price levels for the consumers.

The nation has completed 37 years of independence implementing six five year plans. However, the development programmes have not brought about the expected improvements in family living, especially among the rural population. Tripathi (1962) traces the causes for this lag, as age-long prejudices, ignorance, poverty, diseases, fatalistic attitude and

isolation which have deprived the rural people of incentives and vitality to improve their living conditions. Misra (1963) points out that the major cause for this condition is the wastage of resources. The resulting deterioration and resourceless existence are formidable barriers to progress. Therefore the study of "A Critical Analysis of Family Budgets in Urban and Rural Areas" might help the extension and social workers to understand the root causes of the problem and adopt a realistic approach while solving the problems. After studying the family budgets, the extension workers can improve them by helping the families to redistribute their income in such a way as to get the utmost satisfaction. Devadas (1958) opines that if the rural homemakers are taught how to utilise their resources gainfully, they will develop more purchasing power and secure more leisure from labour and drudgery. Well spent leisure will further extend their capacities to increase production and make their full economic contribution to society.

In the United States of America, the Bureau of Labour Statistics, the Federal Government Department of Human Nutrition

and Home Economics and the State Agricultural Experiment Stations are continually carrying on studies on the income and expenditure patterns of families. But in India, studies on family budgets are few and random. Hence this study was undertaken with the following objectives :

1. To study the prevailing socio-economic conditions and standards of living of selected families in selected rural and urban areas and the money management practices of the selected families.
2. To analyse critically the relationship between family characteristics and family budgets.
3. To derive norms for expenditure pattern for different income groups and different size families, living in the rural and urban areas.
4. To offer suggestions for budget aspects of the Home Science curriculum at secondary school and college levels and
5. To enable the Extension Workers to suggest more realistic ways of distributing the family income among competing wants.

The study was made on 1042 families in 12 villages and two cities in Coimbatore and South Arcot Districts. The collection of data alone took 12 months. It is hoped that the findings of

this study will pave the way for more realistic handling of budgeting and stimulate students of Home Science, Economics, Sociology and Extension Departments to undertake such studies in their localities and use the information in teaching, research and extension activities towards better management of family finance, particularly in the low income groups as this constitutes the major problem of the population of India.

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CHAPTER 2

REVIEW OF LITERATURE

In the modern world, money management is extremely important for successful and happy living for all people; married or single, rich or poor, male or female, literate or illiterate, child or adult and rural or urban. The literature pertaining to the research on 'critical analysis of family budget' in selected rural and urban areas of 'Tamil Nadu' is reviewed under the following headings :

- 2.1 Definitions and concepts of budget
- 2.2 Importance of a planned budget
- 2.3 Techniques of budgeting
- 2.4 Factors affecting the budget
- 2.5 Studies conducted in India and abroad and
- 2.6 Developing a standard budget.

2.1 DEFINITIONS AND CONCEPTS OF BUDGET :

Gilberth et al (1960), Gross and Crandall (1970) and Savarirayan (1975) have expressed that budgeting is the most

common planning device for the use of money. It is tentative estimate of the family's income and expenditure based upon the needs of the family and the ways in which they can be met by the family's income for the benefit of all concerned and control over the expenses (Lawrence, 1949, Justin and Rust, 1953, Bigelow, 1953 and Women's Division of the Institute of Life Insurance, 1965). Budget represents the first step in the managerial process as applied to money (Gilberth, 1960).

Haglund (1958) Wilhelms and Heimerl (1960) Mehta (1962) McDermott and Nicholas (1966), Morgan (1953), Gordon (1968), Home Economics Research Report (1968) and Keermat (1972) stated that a plan for spending and saving is a budget. It is generally estimated for a month or a year or over a longer period of time for the future. Laiten and Millar (1978) stress that the items for which the money is to be spent need to be listed and the amount of money necessary to provide them recorded and according to Davidson (1960) it is an important aspect of Home Management.

According to Dodd (1951), budget focuses the family's attention on the financial picture so that within the frame work, one can make most of what the family has and track down the "leaks",

That is, the money everyone wastes unconsciously. According to Phillip and Lane (1963) budget may assist in helping families pay their debts, reestablish credit and get back on the road to financial recovery and wisely spend money subsequently. According to Lacer and Porter (1959) it is the art of living within one's income. Bigelow (1953), Kelly (1953) and Reader's Digest (1970) point out that a budget is a device for coordinating the economic aspects of a family's standard of living with its income potential. It is a plan made for the future expenditure to achieve maximum satisfaction (Devadas, 1968). In financial management, a budget is a plan - mental or written, and general or specific - that indicates how and/or when to allocate available financial resources among various needs and wants (Deacon and Firebaugh, 1975).

Gross and Crandall (1970) explain that the antagonism which has grown up around budgets is due to the fact that the budget is a limiting factor on family expenditures. On the other hand Frances and Preston (1951) show that the total amount of money is the limiting factor which makes the budget the business like method of dividing the total available money equitably on various amounts for different needs and wishes. A plan for a family spending can be successful only if it is "tailor-made" for

that particular family, with its goals clearly defined and resources constantly in mind. It will have to be adjusted as circumstances change. It has now been recognised that the budget is a device to help families achieve what they consider most important, both at present and in the future.

Mcdermott and Nicholas (1966) and Justin and Rust (1953) opine that there is no single pattern for spending and saving money, which fits all families. The amount of income, the size of the family and the particular needs of each member must be taken into account. This means each family must make its own plan. It is a useful aid to secure more of the economic goods desired to satisfy wants and also concerned with planning future expenditures (Kelly, 1953).

Lasser and Porter (1956) explain that budget does not lie in what to spend but in how to spend what a family has. It lies not in living according to plan, but in planning to live. (The Women's Division of the Institute of Life Insurance, 1965, Reader's Digest, 1970). But a budget is something a family keeps working and re-working until it "fits" its needs and satisfies the individual members. The preparation of budget for expenditures and keeping an account of what is actually spend,

are of great help in maintaining a balance in the pattern of consumption (Maru'11, 1966).

According to Bigelow (1953) budget will help the family to get a dollar's worth for each dollar it spends and it improves money management by spending wisely (Bryant and Lance, 1953, and Leavitt and Hanson, 1950). The best budgets, can show the poor man how to spend wisely and the spend thrift the leaks. The success of the budget depends more on the individuals than on the budget. Spending plan is a means of cutting out inefficient spending, so that more money is left for things that are wanted, whether good food, sizable bank account, or good times. Each family must decide which things are first, in the light of its goals, and which things are less important. (Home Economics Research Report, 1968).

2.2. IMPORTANCE OF A PLANNED BUDGET :

Planned budget help households to spend money carefully. They are an intelligent guide to spending. They help to balance the future and the present wants, make suitable allocations for spending and saving, save with ease, prevent extravagant spending and falling into unnecessary debts, and keep one free from

financial worries and anxieties. The carefully prepared spending plan and guide based on the actual family income helps in the better distribution of funds for more satisfactory living (Soundararajan, 1974). Haglund (1958) further includes advantage as helping families to acquire things they desire and to live within their income.

According to Wilhelms and Heimerl (1959), Kelly (1953) and Devadas, (1968) a planned budget forces one to decide what he wants most out of life, helps to live within income, eliminates wasteful spending and encourages savings for future. It helps also to achieve long range goals, provides an education in the management of money and forms an excellent reference of record.

Mehta (1962) states that a family budget plan increase the standard of living. According to him budget determines the probable items of expenditure and money is allotted to each head after rational thinking. By a comparison of the amount of income spent on various items in the budget, one can easily ascertain on which item spending is more unnecessary and curtail such expenditure as is possible or desirable.

Savarirayan (1975) and Gordon and Lee (1972) state that budget helps the family to review the use of their income in perspective and estimate expenses and study the balance available under each category in relation to the total income and also to decide the use of income to get the things they consider most important.

Gordon and Lee (1972) summarise the benefits of planned budget as :

1. Encouraging the rational use of income
2. Adjusting irregular income to regular expenditures
3. Helping when family income increases or decreases
4. Helping to plan expenditures over a period of years
5. Adjusting when family size increases or decreases
6. Putting anticipated expenditures on paper makes the important ones stand out more sharply than the less important.
7. Helping in allocating discretionary income.
8. Making possible a comparison of expenditures for selected items and to determine whether the allowance for each item is more or less than comparable approved minimum standard and
9. Helping to discover and plug leak in family expenditures.

Mann (1980) lists the following advantages of making a budget :

1. Members of the family understand their responsibilities in sharing income.
2. The earning member of the family is relieved of the constant worry of meeting the demands of the people
3. Family members learn the value of co-operation
4. The family budget provides the family a record of expenditure for future use.
5. The greatest advantage is that it makes the family healthier and happier within its means.

2.3. TECHNIQUES OF BUDGETING :

It is rather impractical to lay down hard and fast rules for budgeting one's income and expenditure, because personal circumstances vary a great deal and conditions are liable to change quickly, but a few general points may prove helpful (Storey, 1970). The house wife can play a vital part in making a budget work and one of the biggest helps to successful budgeting is for the house-wife to keep a simple weekly records of her expenses.

According to Young (1959) a good money management programme includes the following phases:

1. Considering family values and listing short and long term goals.
2. Figuring what the family is worth at certain time.
3. Budgeting for day to day needs and wants
4. Planning for emergencies and protection against loss from certain hazards
5. Planning for the future
6. Consideration of wise use of credit and
7. Checking and re-evaluating plans periodically.

According to Bigelow (1953) budget should be classified under a number of budget headings. A system of classification helps to decide a long list of heterogeneous and apparently unrelated items of expenditure into workable units. A system of classification breaks up the problem into a series of smaller problems. Within the limits of these smaller problems, it is possible to work out the details of expenditure with sufficient care to be sure that no important item is overlooked.

According to Wilhelms and Heimerl (1959) the spending plan or budget is the key to consumer effectiveness. Since many consumers have fixed incomes and most consumers never seem to have

enough money, the consumers must apportion their funds in order to meet their needs and to achieve their goals to their best advantage.

Okrke (1960) suggests four steps in money management. First and second includes estimating income and expenditure for 12 months and dividing by 52 to get weekly income and expenditure. The third step set asides for insurance, clothing, wedding gifts down payments for car or house and emergency fund. Subtract all these items from income to get living expenses such as food, house, car payments, telephone, recreation and bus fare.

Haglund (1958) gives the following steps in budgeting :

1. Estimating the income likely to be available during the coming week, month, year.

2. Determining needs :

In planning expenditures, needs must be determined first-indispensable items, such as food, shelter and clothing and obligations such as taxes and other dues.

3. Setting goals :

- a) Every family should consider the good health as the most important goal and to achieve good diet is necessary. Therefore proper amount of money must be allocated to food even if it has to be done at the expense of other items.

- b) Education for the Children - to strive for that in order to achieve it. Efforts will be made to keep expenditure down on other items such as recreation or clothes.

c) Housing :

Part of the income has to be set aside to meet the cost of rental. This may mean a reduction in other expenditure such as that on clothing and entertainment. Decent quarters may furnish the family with such advantages that expenditure on some other items such as medical care and entertainment may be reduced. Planning should be done with the co-operation of all members of the family.

4. Previous spending as a guide. The spending during the previous period will serve as a guide.

5. Types of expenditure :

Certain expenses are fixed for a certain period of time or in relation to income (rent and mortgages). Other items that must be given priority in the plan for spending are food, fuel and lighting.

According to Soundararajan (1975), McDermott and Nicholas (1962), Storey (1970), Mann (1980), and Phillips and Lance (1963), the common budget steps are given below:

1. The proposed expenditure based on the anticipated income.
2. An accurate record of expenses incurred and income derived and
3. Checking and reviewing the expenses from time to time to see how favourably they compare with the original budget drawn up.

Every family has certain expenditure that must be made during the year. Dodd (1957) McDermott and Nicholas (1962), Starr (1956), Kelly (1953), Lasser and Porter (1956), and

British Good House-Keeping Institute (1964), Jennings (1977) suggest that as a first step in budgeting, lists must be made on fixed expenditures such as rent, telephone, electricity and insurance and then list the probable amounts spent on food, clothing, medical care and the like and finally add to this the immediate pleasures and future expenditures. A very important fixed expense is the emergency fund (Gilberth et al, 1960).

Haglund (1958), British Good House Keeping (1964) Nickell and Dorsey (1975) and Gross and Crandall (1970) suggest that the next step is estimating family's income. Starting with the fixed amounts that the family gets regularly as wages, salaries, social security benefits, pensions, allowances and other payments, the variable income such as interest from savings, accounts and bonds, dividends from stocks, rents, gifts and money from other sources should be added to get the total picture. When income is irregular, base the estimate on past income and current prospects. If income fluctuates sharply - as it may for seasonal workers, salesman on commission, farmers and other self employed people, work out smallest and largest figures that can be reasonably expected. Plan first on the basis of the low income which can be reasonably expected; then use additional amount (Reader's Digest,

1970). Devadass (1968), Storey (1970), Mann (1980) and Reader's Digest (1970) hold that finding out where the money goes, is the next step. Records of family spending or check books, receipts and old bills can serve as a reminder to check the expenditure. If a family is new at budgeting, it should keep a record of spending for two or three months, to understand the process.

Finally evaluate the expenditure pattern in several aspects (Phillips, and Lane 1968). It should not exceed the family's income. If it does, something or everything in the budget must be reduced. Family's expenditure pattern should be evaluated in terms of its provision for future expenditure - for insurance, savings, the purchase of major appliances, a house, a car and for vacation.

2.4. FACTORS AFFECTING BUDGET

2.4.1. Education and occupation :

The status of a community depends to a certain degree on the educational level of its members. Education not only qualifies people for better jobs, but it also creates an awareness of opportunities open to them, which enriches life (Vagiswari, 1972). Through education, people derive the skills,

knowledge and status by which occupational opportunities may become more readily available (Pardhy 1967) and it is need for social mobility and participation (Wilcox et al, 1974).

The present aim of education is the creation of the capacity to create wealth, which if properly related to the life and needs of the people, can enable the nation to meet its challenges and to realize its aspirations by building essential attitudes, values and skills (Mascarenhas, 1976). Individual income and educational attainment, which are used as measures of socio-economic status, are correlated with occupational status, since education is a basis for entry into many occupations and for most people income is derived from occupation. The manner in which a person spends, affects his social status more than the size of his income (Jagmohan, 1972).

An economic analysis of the structure of personal earnings studied by Chawla (1980) revealed that age and education has a strong positive influence on personal earnings, job environment and economic background are found to be significantly influencing personal earnings. Wright (1978) advocates that financial management and decision making skills should be incorporated into many phases of education. If young people

have not been adequately equipped with these skills, they and their families may endure the hardships of bankruptcy, debt and the high prices of credit, as well as the emotional and psychological hardship of knowing they are unable to cope with financial problems.

2.4.2. Income

Various studies reveal that income has a positive correlation in consumption pattern. The economic status of the family in the society is symbolised in its money income. Money is something which irrigates all economic activities (Vagisvarai, 1972 and Dictionary of Modern Economics, 1982).

It is through money that the family establishes and maintains its standard of living, guided by customs and traditions. The amount of income received by the group describes their standard of living, the kind of clothing and food consumed and housing it allows, the cultural opportunities it provides and the experiences, possessions and comforts it furnishes, expenditure per year for the principal items. According to Justin and Rust (1953), through the expenditure of the family income the members are furnished with the satisfaction of life. Unless a family has a certain minimum income flowing steadily into the home, it can

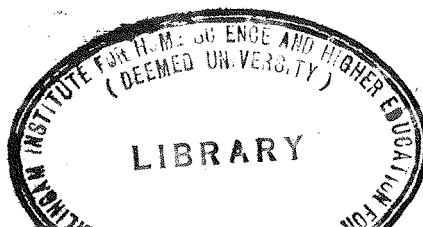
not meet the demands of its members for essential services. ; In the absence of such minimum income, health, education and social life of both the individual and the family will be affected (Dictionary of Modern Economics, 1982 and Nickell and Dorsey, 1975). Studies indicate that inadequate diets, sub-standard housing, large families, poor clothing, limited job skills and illhealth are closely related to inadequate income. (Wolgamut 1964 and Epstein, 1961). As the family income increases the family tend to buy more expensive and nutritionally rich food (FAO 1961 and McKenzie, 1979).

The pattern of family consumption changes with variations in the family income. As job specialization intensifies and income increases, the goods and services available to a family will vary with the relation of prices to salaries or wages. (Maru'll 1966). It is noteworthy that the famous Engel's law operates here. The law states that as a family's income increases, a smaller and smaller proportion of the income is spent for food. Higher income groups spend relatively and absolutely larger sum for luxury goods and services than the low income groups (Dictionary of Modern Economics, 1982).

2.4.3. Size and Composition of Family :

The size of the family, the age of its members and the state of their health, all influence the family's spending (Baxter et al, 1953. Gross and Crandall, 1970, Nickell and Dorsey, 1975, Savarirayan, 1975). Kyrk (1953) states that the spending patterns when the number to be supported increase, income remaining the same, are in certain respects the same as those resulting from a decreased income, without a change in the number to be supported.

According to Bhan (1972), two families having the same income can differ in their social status and comforts of life, if the members of their families are uneven, other factors remaining the same. Singh and Mehra (1978) studied agricultural development and demographic change. They revealed that population growth affects adversely the rate of increase in income per family. This is further supported by the fact that the per capita income decreases with an increase in the number of persons in a family irrespective of the land size possessed by them. The standard of living, comforts and happiness of members of the family are affected adversely due to the large size of family. Kuznets (1976) traces the differences in household and per capita income in great detail, and concluded that before any analysis can be undertaken,



size distributions of families or households by income per family or household must be converted to distributions of persons (or consumer equivalents) by size of family or household income per person (or per consumer). A large family will naturally need more money income than a smaller one, especially when majority of the family members are not wage earners. A larger family would require more commodities and services. However, the rise in cost need not be directly proportional to the increase in the size of the family. Expenses on food, clothing, medicine and entertainment will vary in direct proportion to the size of the family while expenses on housing, equipments and furnishings may not vary in direct proportion (Savarirayan, 1975).

2.4.4. Location of the Family :

According to Goodyear and Klohr (1969), the location of a family within any community in relation to shopping areas, schools, place of husband's work and so forth, will affect transportation costs for suburban dwellers, property taxes for home owners, and variation in expenditures for food due to opportunities for home production of food and local prices and facilities in the home are related to the place of living.

2.4.5 Gainful Employment of the Home maker :

Blaindell, (1958) Walker (1969) and Bhatt (1979) report that married women supplement the family income and unmarried women support aging and ailing parents. Both help the family to live in comfortable circumstances to the extent possible.

2.4.6 Money Management Practices

2.4.6.1. Goals :

According to Deacon and Firebaugh (1972) and Nickell et al, (1976) goals are "reality bound" reflection of aspirations and expectations; for which families are willing to work. Goal setting is a continuous process. Activities are directed toward seeking new ends or new methods of obtaining established goals (Nickell and Dorsey, 1978).

Setting goal is the first step in making a budget. The family should try to keep its aims realistic in relation to present and estimated future income. It should decide which goals are most important, giving priority to choose that will benefit most the whole family (Reader's digest, 1970).

Millar's (1961) study reveals that home ownership and raising a family were the goals considered by all families than

children's education and community services. Goals change as the size, age and income of the family change. Young couple work to establish and furnish their home. A family with growing children may try to provide adequate food, clothing and housing and to plan for education costs. After children leave home, the parents concentrate on arrangements for retirement year (Fitzsimmons, 1958, How to live on your income, 1970 and Gilberth et al 1960). They found that the goals, managerial practices and decisions made in carrying out the goals differed from family to family

2.4.6.2. Definition of Money Management

Money management according to Issac (1976) can be defined as "the managerial process applied to the use of the family income which for all practical purposes is reduced to the use of money". The main objective of money management is the all round development of the members of the family, enhancing their happiness and health by making best use of the income of the family. The key to enhance the happiness and health of the family members in financial matters lies in the wise use of money (Young, 1957, Women's Division, Life Insurance, 1961 and Mann, 1976). According to Wolgamut (1964) improvement of family living, without or with more income, usually requires better management of money, time and

talent. Honeycutt (1979) warns that expensive housing too much credit, marital problems, no savings account and a host of other problems make hard for many Mississippians to live within their income. Money management is the key to cope with inflation.

Davis (1965) states that disadvantaged families need emphasis in their spending and saving plans. These families are untrained in any kind of systematic use of money and the income goes for rent - about 30 per cent for rent and 30 per cent for food. The remainder is spent on automobile, beer and other liquor.

Gassette (1965) points out that the amount of money the family receives can be adequate for basic needs, if the spending is carefully planned. Leverdier (1980), states that some 300 million people will be under fed in the world, in the year 2000, not because of any inadequacy in food production potential but because of poor management of plentiful resources. Man is entirely responsible for finding out how to manage the resources offered to him, in the best possible way, to ensure happy and content life.

Management is the natural out growth of human association in the home environment. The process of management consists of three steps-planning, controlling and evaluating the use of

family resources to attain family goals (Raines, 1966, Devadas, 1976, and Nickell and Dorsey, 1970, Gross and Crandall, 1970).

In other words, it is the way a family uses what it has resources, to get what it needs wants and desires - goals. (Starr, 1956, Gross and Crandall, 1970).

2.4.6.3 Planning :

Planning is the first step in management process (Gross and Crandall, (1970). Planning refers to mapping out the courses of action in order to reach the family goals (Nickell and Dorsey, 1978).

Nickell et al (1978) suggest the following ten steps.

1. Define success in terms of overall goals for living
2. Identify objectives and sub-goals
3. Establish priorities and timing for objectives
4. Estimate the cost of objectives and using realistic guides.
5. Analyse financial resources - money income
6. Formulate a plan of action for a current consumption plan.
7. Organise all efforts - establish goal oriented behaviour; set up measurable sub goals.
8. Control activities - eliminate waste.

9. Keep adequate records

10. Evaluate regularly

Haglund, (1958), suggests that people must plan how to spend their money. Many people are prone to 'conspicuous consumption' which can easily be seen and make an impression on their neighbours. Families must know to discriminate between essentials and non essentials.

Thorpe and Gross (1955), report in a study of managerial practices of married students at Michigan state college that 84 per cent of the couples planned their expenditures and 74 per cent of these plans were for periods of several years. Evelyn and Gross (1967) reveal that of the 382 rural families interviewed, 81.9 per cent planned for current use of money. Greey and Gross (1958) studied the differences in the managerial practices of 52 home makers in the upper lower and upper middle classes. Four fifths of both groups made financial plans, the lower class mothers more frequently than middle class mothers.

Planning is an important step in the financial Management of 40 Cornell married students. For large items, planning was done, allowing flexibility in the other areas (Wyskiel, 1961).

2.4.6.4 Type of Plan :

Various types of plans are used by home makers, but all may be classified as (a) Mental plan, (b) Written Plan (c) Both mental and written plan.

A study of home makers from the socio-economic groups in a Michigan city revealed that four fifths of home makers in both group adopted mental financial plans, only one fifth had written plans (Greedy and Gross, 1958).

Bartow (1963) studied differences in home making practices of 168 home makers belonging to three socio-economic groups in Iowa small towns. Mental plan for family expenditure were reported by about 50 percent of each group

2.4.6.4. Method of handling Money :

The choice of a method of handling money that will give all the members of a family a feeling of satisfaction is a matter of major importance in the life of any family (Nickell and Dorsey, 1975). Five major methods of handling family income may be used: the family finance method, or budget; the allowance of apportionment plan; the fifty-fifty system, the equal-salary

method; and the hand out method.

2.4.6.5 Decision Making :

The course of action that a family takes rarely just happens, it is normally based on decisions. The opportunity and obligation to make intelligent decisions is one of the concepts basic to any democratic situation (Nickell and Dorsey, 1970 and Oppenheim, 1965).

Decision-making occurs only when strong motivating forces or circumstances are present. Habitual behaviour is used for many recurring and routine purchases such as groceries dry items, cigarettes, and other convenience goods (Katona, 1955).

The busy housewife does not stop to analyse each individual purchase, she buys what has proved satisfactory in the past. She relies heavily on advertising brand loyalty, the store loyalty, and past experience. A re-inforcing factor for habitual buying is the assurance that one is buying something and that is socially acceptable and similar to what others in the same circle of friends are purchasing (Oppenheim, 1965).

The question of who actually makes the decision to buy or not to buy a particular item is subject to many factors.

Culturally accepted roles and patterns of behaviour may dictate that the husband decide on the family car and the wife on home furnishings. The roles of the members within the family - who handles the money or who sets the style of living - also affect the decision. The present trend seems to be for husbands and wives to do more things together and to make more decisions jointly. A study conducted by Thilagavadhana and Latha (1978) reveals that the responsibility of managing money was entrusted to the head of the family in 49 percent of families. Joint decisions were favoured more in families with employed home makers. Age of head influences purchasing of durable goods. The older the head of the family and his wife, the less deliberate one the purchase decisions.

Increased education has been found to result in increased deliberation about large purchases. The better educated people with larger income were more highly motivated to use their resources wisely.

A study of decision making patterns was designed to identify home management decisions made by young married couples. The study revealed that majority of the decisions listed below were seen by both husband and wife as joint decisions (Journal of

Extension, America, 1978).

1. When to buy a needed but expensive clothing items.
2. When to rent or buy a house
3. How much money to spend for housing
4. Whether to move to another town or state
5. Where to move
6. Which job the husband should take
7. Whether the husband should quit or change job
8. When to trade car or buy a car
9. Which family goals are most important
10. Plans for meeting family goals.

Bhagat's (1980) study revealed that employed home makers decided how and when to spend money because of their employment. The budgets were very tight in 13 out of 15 cases and inspite of best effort, they were leading a low standard of living.

Firebaugh and Wellington (1971) studied decision making in Indian families. Decision made by a limited number of Indian families were dominated by the eldest male, with the next most frequent decision makers, husband and wife. The eldest male was

particularly dominant as the major decision maker in matters pertaining to housing.

Thilagavadhana and Latha (1978) analysed the managerial practices of selected low income families in Coimbatore city. Their study revealed that home makers and heads made decisions on food purchase and construction of clothes, expenditure of money income, education of children, savings and investments, health, recreation and religious activities in a majority of the households irrespective of the employment status and education of home makers and the size of families.

Jagatheswari and Rajagopalan (1972) explored the decision making practices of home makers in the urban and rural areas. Husbands made decisions either jointly or along in 81 per cent of the urban and 59 per cent of rural households, whereas the home makers in 56 per cent and 65 per cent respectively. Individual decisions were common in both the urban and rural areas, for food, clothing and shelter. Group decisions were followed by more than 50 per cent of the urban and rural households on financial aspects. Repetitive decisions were made in a majority of urban and rural households with regard to food purchasing, clothing and deliberate decisions were found in the purchase of

house and the amount to be spent on the same.

Dhillon (1980) studied the role of woman in decision making process in the domain of selected issues relating to farm and home management. The study revealed that women made decisions in matter of purchasing household articles and equipment when compared to farm issues.

2.4.6.6. Controlling

Controlling in the management process aids in putting and keeping the plan in action - that keeps the organisation moving (Nickell and Dorsey, 1978). Controlling expenditures can be facilitated by record keeping. Records provide information on allocation of financial resources to control spending, they may also form a basis for new planning. Record keeping is a tool for a variety of purposes, may be simple or detailed. The most direct form of record keeping is the combined budget and record (Deacon and Firebaugh, 1975).

Gross and Crandall (1970) view that records can be quite casual, such as the keeping of receipted bills, and detailed accounts. Families who make financial plans do not necessarily keep accounts, so that they must be convinced of the worth of each step in financial management.

Gross and Zwemer's (1944) study revealed that only 24.3 percent of the 382 home makers made financial plans for current expenditures. Of those who made plans 53 per cent kept accounts. Approximately half of them kept detailed records.

Managerial practices in the homes of married students at Michigan state college were studied by Thorpe and Gross (1955). In this study, financial plan was made by 84.1 per cent of the 484 married college couples and 80 per cent kept records. 57.4 per cent use in the form of record books or files. Gross and Crandall (1970) study revealed that a larger proportion of younger families made plans and kept records than the families among the older age group.

2.4.6.7. Evaluation :

The third step in the management process namely evaluation is a specific device towards that end. It consists of looking back over the steps of planning and controlling the carrying out of the plan. Evaluation of the use of money is particularly important because many of the satisfactions which are desired are purchased with it (Gross and Crandall, 1970).

Evaluation is most crucial for improving management skills. Were the goals achieved? if so, were all the goals and values realized? If not, why not? Perhaps they were unrealistic inadequately stated or not sufficiently related to the plan (Good year and Klohr, 1965).

Evaluation of the plan in operation will suggest appropriate changes and more effective procedures for the next related managerial task. This step gives a dimension of change making the concept of management dynamic (Good Year and Klohr, 1965).

According to Gross and Crandall (1970) evaluation is

1. To recognize that a good or poor job has been done either absolutely or in relation to given conditions.
2. To determine as accurately as possible how good a job has been done. Evaluation is similar to control. Control is a constant step by step quick appraisal of a plan in action while evaluation, as a separate step in management. It involves a complete review of what has already taken place with a view towards better management in the future.

Fitzsimmons (1950) states that success or failure of a plan can be evaluated in terms of advancement of the family's goals or specific objectives. Nickell and Dorsey (1975) are of the view that the more definite and clear cut the purpose and goals, the more accurate the evaluation can be.

2.4.6.8 Socio-economic status and standard of living

It is difficult to give a proper definition for the term, socio-economic conditions. Standard of living is the resultant of socio-economic complex. Standard of living is usually associated with various social and economic variables such as type of the family, size of the family, employment level, expenditure pattern, housing, health, etc.

Chapin (1978) and Nickell and Dorsey define socio-economic status as "position an individual or a family occupies with, reference to prevailing average standards of cultural possessions, effective income, material possessions and participation in the group activities of the community.

Davis (1965) is specific in stating that the level of consumption is the aggregate of the food, fuel, and other non durable goods used up, the services of houses, automobiles, clothing and other durable and semi-durable goods utilised and services of human beings used by individual or group in a given period of time". In addition the International Labour Organisation includes following components to measure the levels of living:

health, education, condition of work, unemployment
general levels of consumption and individual
security and welfare.

Fitysimmons and White (1958) elucidates that the things that a family buys with its money plus what the family members produce for themselves by their own work help to decide the standard of living that can be enjoyed by it.

Gross and Crandall (1975) state that although in a democracy people tend to ignore the existence of social classes there is without question an observable difference in the lives of families based on their socio-economic status. The amount of income is not necessarily a good indicator of consumption status, or style of life, although it obviously sets the limit of a person's consumption. The way in which man spends his income, rather than the size of that income, most often decides the social status he is accorded by others.

Ali (1981) believes that development is associated with the standard of living. Development aims to increase employment opportunities, and with that, raises the standard of living of the masses. Among poor people, an improvement in their standard of living is likely to raise productivity as their general well being would improve and they will be more disposed to work better.

Among the poor, the quality and quantity of food consumed are generally deficient. There are shortages of proteins,

vitamins and essential mineral elements, housing and sanitation, Medical facilities are also not good. Mortality rate has dropped but illness is on the increase owing to lack of proper food. In India the worker spends around 75 per cent of the wages on food alone and in rich countries this is about 30 per cent. This shows that owing to lower wages in India, proportionately more is spent on food, leaving little for other things.

According to Cook (1978) life style is determined largely by what families buy, and what they buy is determined by their preferences, the influence of advertising and the media, discretionary income and the prices of the goods and services they consume. As the cost of necessities such as food, energy and shelter increases more than one wage earners in the family becomes necessary. When both spouses work, the family resort out of compelling necessity to eat outside frequently and consequently increase the expenditure on foods and services. Diverse forces such as financial circumstances, habit, education and imitation deliberate and unintentional and ambition influence the standard of living (Jather and Beri, 1966).

According to Ramamurthy (1974) a simple index to judge the standard of living of a population is the distribution of the

total expenditure between major items, such as food, clothing, fuel and housing. More over food consumption in itself and as a proportion of the total income, is a pertinent indicator of the level of living. Another indicator of the level of living is consumption of cereals and its effect on the consumer's budget. It is the proportion of expenditure on cereals to total food expenditure. These ratios are expressively symptomatic both of food habits and poverty.

2.5. STUDIES CONDUCTED IN INDIA AND ABROAD

The measurement of the proportion of the income allocated to family consumption was initiated in the 18th century in the west. Leplay and Engel on the European continent, Booth and Rowntree in England, and Wright in the United States of America have made important contributions to the methodology of investigations in the field (Marull, 1966).

India :

The standard of living of a vast majority of the people in India is very low. Most of the people do not get even the basic requirements like food, clothing and housing, not to speak of comfort and luxuries. The per capita income in India is one of

lowest in the world. The level of living of household is indicated by its level of per capita expenditure.

The National Income Committee of India (1949) observed More than half of India's national income is used for consumer expenditure on food. Food and clothing are the two most important items on which most of our national income is spent.

Two studies, namely, that of the Reserve Bank of India and the National Council of Applied Economic Research indicate that during the period 1953-54 and 1967-68, inequality of income has increased in India, because the share of the bottom 20 per cent had decreased and that of the top 20 per cent has increased substantially.

Shah (1960) explored the increase in calories derived from food grains for a given increase in expenditure in the urban areas. He found that the calorie increase was much lower in the rural areas when compared to the urban area. As the expenditure increased, the difference between the levels of calories derived from food grains and the food grain prices in the urban and rural areas widened. The study further showed that with rising levels of income, food tastes or preferences

substituted calories, greater in the urban areas than in the rural areas.

Ganguly and Gupta (1976) studied the levels of living using various rounds of National Sample Survey data. Their study revealed the existence of regional variations in expenditure on cereals to total food consumption and also in housing conditions. The urban households were better off than the rural households in all aspects of living conditions.

Ganguly's (1960) study on "occupational variations and the expenditure pattern" has revealed considerable differences in the consumption pattern of households of farmers and cultivators, agricultural labourers and other households in rural Uttar Pradesh utilising NSS 7th round data. The per capita expenditure on food items were greater for the agricultural labourers, showing poor socio-economic conditions of the agricultural labourers.

Singh's (1968) study based on ungrouped consumer expenditure data for the rural and urban sectors of Western Uttar Pradesh obtained from the 15th round of NSS, considered four broad

occupational groups such as

1. semi-professionals, clericals, shop-keepers and big cultivators
2. cultivators
3. skilled and semi-skilled workers and
4. unskilled, unemployed and unclassified workers

Expenditure patterns of these occupational groups were compared on the basis of Engel-elasticities of 12 food and non-food items proved that differences exist in the consumption pattern.

Gupta (1973) studied the effects of household's size and age of head on household consumption patterns in India using NSS data 17th round. He concluded that the expenditure elasticities and household size elasticities tend to move in opposite direction.

Harichandra (1980) concluded that large family size is one of the maladies affecting the households of weaker sections. Indrayeswanath (1980) analysed the life of slum dwellers in Madras city. The consumption pattern revealed that 52 per cent of the total expenditure were on food and 36 per cent were on conventional necessities.

Reddy and Jayasankar (1978) studied the economic conditions and standard of living of rural families in the dairy

area of Chittor in Andhra Pradesh. They showed that the expenditure of the families increased with the increase in land holdings.

Rohini Devi and Pushpamma (1982) study revealed that the occupational pattern whether regular or sporadic had a great influence on the expenditure on different food items.

A study of food habit, in Calcutta, published on behalf of USAID, by Hindustan Association (1972) revealed that the average Calcuttan spends over 50 per cent of his total monthly expenditure on foods. The comparative share of expenditure on rents and taxes and medicine is relatively high at the lowest level. Analysis of the food expenditure showed that the poorer persons spent relatively more on cereals and pulses.

Suhasini's (1970) study on income expenditure pattern revealed that 47 per cent of the expenditure were directed towards food, 10 per cent for clothing 8 per cent for house operation, and less than one percent for residence and the remaining were spent on transportation and recreation.

Coondo et al (1975) studied the occupational variation in the pattern of consumer expenditure in Rural India based on the 18th round NSS data. The study revealed that the average per capita monthly total consumer expenditure figures displayed

a wide range of variation between occupational groups.

Bhagat's (1980) study on family life of working rural women, revealed that diets of these families were of poor quality consisting mainly of cereals. Many of the families were under debt and hard earned money of the respondents was some times used for discharging loans taken for social obligations.

Nair (1978) explored the "Dimension of Rural Poverty". He concluded that the diversification of consumption items and the expenditure elasticities had positive relationship with income.

Vagiswari (1972) analysed the earning trends and social status of Harijan community in Tamil Nadu. The study showed that the average per capita expenditure for each family increased with the increase in income but not proportionately.

Rajagopal and Jain (1980) studied the managerial responsibilities for consumer protection. They indicated that the buying habits of Indian consumers improved with increasing levels of income and education of the wives, since wives play a dominant role in making the decisions regarding purchase as well as in actual buying.

Jayasingh (1979) studied women workers in the plantations by analysing the findings of a research study conducted

by the Madurai Institute of Social Work on the living conditions of female plantation workers in Munnar, Kerala. The study showed that 46 per cent of the respondents incurred monthly expenditure below Rs.400 followed by 28 per cent, between 400-500, 15 per cent above Rs.600/- The study revealed that 62.38 per cent have the habit of saving. A large number are perennially living under debts. The main reasons for debts were expensive food and clothing followed by sickness in the family and educational expenses.

A case study of weavers in a Punjab village revealed that household expenditure is one of the indicators of standard of living of people, and it indirectly reflects the people's ability to have modern amenities of life with increased income levels. The annual household expenditure per family and per head basis increased with an increase in the family income (Singh, 1979).

Ramana and Kader (1976) studied the food consumption pattern among different categories of cultivators in Nalgonda district of Andhra Pradesh. The study showed that size of land holding affects consumption while comparing the consumption pattern with ICMR requirements except for cereals, the consumption of all other food items were below the average.

Rao (1982) studied the relationship between purchasing

power and food intake among rural and urban households, using the data compiled from the 28th round of the NSS for 1973-74. He found that the difference between rural and urban population in respect of the relation between purchasing power represented by total expenditure on all the food items varied only marginally.

* The study by Pande (1959) on "consumption expenditure in Uttar Pradesh" has revealed the seasonal variations in the expenditure pattern on Uttar Pradesh. According to Balakrishna and Reddy (1968), consumer patterns are some what typical of expenditure classes and the family belonging to a particular expenditure level can be expected to behave to a certain extent in a fashion typical of that expenditure slab.

The second agricultural labour enquiry (1957) had compared the labour consumption pattern of agricultural labour households as against all rural households. In this enquiry the results of 1950-51 and 1956-57 enquiries were compared and a comparative picture of the consumption pattern of agricultural labour households and all rural households was drawn up.

1. The annual per capita expenditure of agricultural labour household in 1956-57 was Rs.140, as against Rs.1971 for all rural households in 1956-57.
2. As on 1950-51, the consumption expenditure of households with land was higher than their counter part without land.

The consumption pattern and behaviour of rural and urban households and broadly the levels of living in Tamil Nadu, in the year 1977-78 corresponding to the 32nd round of NSS (1979) revealed the following:

1. Per capita consumer expenditure on non food items is less than that of food items in all the expenditure classes except in the class Rs.200/- and above.
2. As the per capita consumer expenditure increases, the expenditure on both food as well as non food items invariably increases.
3. The total per capita consumer expenditure for all classes works out to Rs.64.66 and this includes both food and non food items.

The monthly per capita consumer expenditure on food and non food groups in rural, urban and state of Tamil Nadu during the years 1970-71, 1971-72, 1973-74 and 1977-78 revealed the following.

1. The total per capita consumer expenditure on an average in the state has gradually increased.
2. The per capita consumer expenditure on non food items has been less than the food groups during all the years but the difference in expenditure between food and non food groups has considerably gone down during 1977-78 as compared with the year 1970-71.
3. Per capita total consumer expenditure in urban areas was higher than that of the rural areas during all the years.
4. There has been a steady increase in the total per capita consumer expenditure both in rural and urban areas from 1970-71 to 1977-78.

The study further revealed that 67 per cent of the total expenditure was spent on food items by the people of Tamil Nadu. The per capita expenditure expressed in percentages has been higher in urban area than rural areas. However rural households spend more on food items than the urban population. NSS 16th round revealed that the rural population is concentrated more heavily towards the lower expenditure levels, while population of the urban sector, in particular, that the cities, towards the higher expenditure levels. The major part of the expenditure is spent on food. The per capita expenditure per month on all food items are Rs.14.58, Rs.17.97 and Rs.25.22 for the rural, urban and city sectors respectively and their percentages to total expenditure are 67.91 per cent, 60.85 per cent and 55.71 per cent respectively (NSS, 1961).

A review of literature related to the Indian consumption pattern reveals the following facts :

1. Food is the major item of expenditure consuming 52-80 per cent.
2. For the working class, food, clothing and shelter are the main items of expenditure which take the lion's share (90 per cent).
3. Comparing rural and urban households, the rural households

spend higher percentage on food than the urban households.

However, the per capita expenditure in all expenditure class of rural households seemed to be lower than that in the urban households.

4. Among food groups, cereals take the major share of expenditure in the rural areas than that in the urban households.
5. As family income increases, expenditure on non food items increases in both rural and urban areas.
6. Occupation variations shows that agricultural labourers spend a greater per cent on food indicating lower standard of living.
7. Expenditure displays a wide range of variation between occupational groups.
8. Families in the same expenditure class but belonging to different occupations display different consumption patterns.
9. Seasonal variations also exhibit differences in expenditure patterns.
10. Increase in size of the land holding increases expenditure pattern.
11. Family size is an important variable, which exhibits different consumption patterns.
12. Increase in the age of the head of the family increases

expenditure upto 55 years and declines after 55 years.

Thus the various studies indicate that the standard of living of rural families is lower than that of their urban counter parts. The standard of living is related to family income. Occupational status also influence the family's standard of living.

2.5.2. Studies in Abroad :

Many studies have been undertaken on the income expenditure patterns of families in different countries under various circumstances, Bigelow (1953). Cochrane and Bell (1956) state that the first detailed investigations of family income and expenditure were made by Leplay in Europe on the living conditions of workers. The use of the statistical method in expenditure was studied by Engel in 1857. His laws of consumption are as follows :

"The poorer the family, the greater is the proportion of total spending for food purchases. Other things being equal the percentage of total expenditure devoted to food gives the best indication of the material well being of the people. Secondly incomes are first devoted to the necessities of staying alive; luxury spending or saving occurs only at a higher income level".

A normal level of welfare may exist when "the rational physical upkeep costs consume not more than 80 per cent of the income and when 20 per cent of the income can be considered free income".

According to Voblen as cited by Balsley (1961) the consumption habits of the lower classes are not governed by rational considerations. Farm families were found to be more sensitive to economic changes than the other types of families. They spent more than twice as much on goods and services when consumption pattern in 1935 was compared with that of 1948 (Freeman, 1955). Food, clothing, house furnishings and equipment and recreation accounted for a small share of U.S. Urban family expenditure in 1960 when compared to 1950, although spending for these categories increased over the decade, shelter, fuel and utilities other household operations, medical and personal care, education and transportation took a large share (Fitzerald, 1964).

Irrespective of family size, the average spending of urban and farm families in 1955 revealed that farm families and urban families spent alike (USDA Report 1961). However, the proportion of expenditure on food and shelter was lower for farmers whereas their expenditure on household operation was high. The spending pattern of families was influenced by family

income. The higher income indicated higher expenditure in both the farm and the urban families. Among the farm families, a smaller proportion of expenditure was on medical care while a higher proportion was on furnishings, and equipment as income increased (Warren, 1961). Both the urban and the farm families spent larger proportion on transportation, recreation and reading and education. Expenditure on housing, house-hold operation, clothing, personal care and tobacco seemed to be in the same proportion regardless of income.

Large families, both the urban and rural spent more on food and clothing and less on housing and transportation. Expenditure changes tend to follow a definite pattern as the family passes through various stages of family life cycle. These changes were closely related to the age of the head of the family.

The study carried out by USDA consumer expenditure survey in North Central region, Southern Region, North Eastern region and Rural farm population and USA (1961) concluded that food, housing and clothing claimed about 60 per cent of consumption expenditure. As the family income and size increased the expenditure also increased in absolute terms. Expenditure was higher during the middle age of the head than at other age points (USDA, report No.1 to 5).

Rhodesian studies of African households, showed that they spent 41 to 68 per cent of expenditure on food (Dec, 1964). Kinder and Green (1978) pointed out that there was a correlation between income and diet quality, although there were good and poor diets at all income levels. The expenditure on food at home was found to be similar by all income groups, but the food eaten away from home was lesser per cent in low income cadre than the high income groups except at the highest income levels. Bess (1960) observed that a larger part of the family income was spend on food than on any other single item, regardless of the family belong to a farm or a town or sub-urban family with garden.

The study on consumer expenditure survey . (USDA and labour 1967) revealed that the amount spent for the various goods and services increased with family size, but at different rates. To balance these increases a smaller amount had been devoted to gifts and contribution to persons and organisations and less was saved.

According to Mork (1967) large farm families spent larger percentage of money for food, clothing and education and smaller per cent for housing and transportation. Gross and Crandall (1978) observed from USDA consumer survey that the

families with children in the high school stage of life cycle spent less for the automobile, furnishings and equipment than in any other groups, with the exception of families in the last stage of the life cycle. Housing, clothing and miscellaneous items claimed about the same proportion of the income as in *food expenditure*

A study of disposable family income expenditure, and saving (1950) and a city workers budget (1947) (Bureau of Labour Statistics), quantity and cost budgets for three occupational groups in San Francisco (1950) revealed that food claimed the largest proportion except for the executive and wage earners in the California budget. The total budget cost for the executive was higher than any other group. The proportion for food was not only second in general rank among items in that particular budget, but it claimed only half or slightly more than half as large a proportion of the budget as did food in other budgets.

In general, housing including household operations ranked second in the various patterns of expenditure or income use. Clothing ranked third in both the 'city workers' budgets and in the 1947 figures at all income levels except \$3,000 to \$5000. In that income clothing was superseded by transportation

In two of the three California budgets, clothing ranked above housing when household operation was not considered. However, in the 1950 BLS report clothing ranked fifth, with the proportion for both miscellaneous items and transportation exceeding that for clothing.

Bonde's (1968) study on changing patterns in income and expenditure revealed that a smaller share of total expenditures for current consumption went into food and clothing and that a large share was allocated to housing, personal care, medical care, and automobile purchases and operation. Pennock and Mork (1970) compared the amounts, rural families in North Carolina spent for living in 1967 with the money value of the goods and services they consumed. Housing, including shelter, household operation, and furnishings and equipments were the largest component of family living (30 per cent) whether measured by expenditure or value of consumption. Food was the second largest component of living on both scales. The value of consumption of clothing, exceeded expenditure whereas expenditures on automobiles, and recreation exceeded computed values. At every income level, expenditures were less than value of consumption for food, clothing, personal care and reading and education. The spread between average expenditures for living and average value of

consumption was greater in small families than large families.

Kyrk(1953) summarized the effect of size of family income on total expenditure. Increase in income increased the expenditure but not proportionately. The desire to save is stronger than the desire to enjoy new and additional consumption goods and savings increase more rapidly than the expenditure. Manning and Vatter (1964) stated that the steady (wage earners) and fluctuating income (self-employed) spent same amount of total family living although wide differences existed in the distribution of these expenditures among different categories of expenditure.

A study of 320 Kansas farm families showed that low income families had no savings, whereas higher income families saved one half of the value of the average net income (Gross and Crandall, 1970). Gross and Zwemer (1944) observed that in farm and village families, the percentage of families saved increase with increase in economic level, but the purposes for which families saved differed.

Home leavers, the newly married and housewives with young children of school age showed certain differences in their food expenditure. In spite of their economic problems, home leavers spent more money on clothes and going out on holidays,

than on food. The newly married and housewives with children of school age spent more for better food (Blue Band Margarine Reports, 1978), Weiss (1967) found out from surveys of consumer wealth that the amount of wealth a family has is closely related to its current income and age of the head.

Mudambi (1980) studied the inter-relationships between family structure and family resources in Eastern Nigeria. The study revealed that the food allowance decreased with socio-economic status in the ratio of 7:3:2. It also indicated their priorities, wherein clothes took precedence over the other necessities such as food and education.

Neilson's (1977) analysis of clothing consumption in Canada and Winakar's (1966) clothing survey showed that as income increased clothing expenditure increased. The percentage of total expenditure increased as family size increased upto a nuclear family size and then held steady for larger families. The per capita expenditure was greater for urban families. Regarding the family life cycle, individuals and couples in the below 45 age range displayed the highest clothing expenditure.

Schuftan (1979) stated that consumer expenditure best defines poverty and also predicts nutritional status.

F. DEVELOPING A STANDARD BUDGET :

To develop standard budgets the following budget studies have been reviewed.

1. Budgets for three standards of living for an urban family of four (BLS, 1969).
2. A guide to budgeting for the young couple. Helping families manage their finance and managing your money by Federal Extension (Family Economics Review, 1969) and
3. USDA estimated cost of food in food plan at low-moderate and liberal cost (Holmes, 1969).
4. Budget guides (Clark , 1968)

* * *

~~CHAPTER~~ 3

3. METHODOLOGY

A study on the family budgets in two selected districts of Tamil Nadu was undertaken during 1981-82 for critical analysis to find out the relationship between socio-economic factors - and the family budget and to derive norms for family budget for different income groups and different size families living in the urban and rural areas. The procedure for the study comprised the following steps :

- 3.1. Selection of the sample
- 3.2. Selection of the method
- 3.3. Pilot study to pre-test the schedule
- 3.4. Conducting the survey
- 3.5. Processing the data
- 3.6. Developing standard budgets and
- 3.7. Education on Family budget

3.1. Selection of the sample :

The sample design involved three stages,

- 3.1.1. Selection of the districts
- 3.1.2. Selection of the localities and
- 3.1.3. Selection of the households.

3.1.1. Selection of the districts :

The districts of South Arcot and Coimbatore were chosen as primary sampling units to represent an economically backward area and a better developed area to give the true picture of Tamil Nadu. South Arcot is economically backward because it is predominantly agrarian area where a large number of people are engaged agrarian pursuits and in turn economic returns are poor. Coimbatore is a centre of large number of industrial units and a large number of people are industrial workers where they get better wages which improve economic conditions.

3.1.2. Selection of the localities :

At the second stage, the district head quarters and village in the Panchayat union, representing urban and rural areas respectively were chosen. These places consisted of above 10,000 population in the urban area, and below 10,000 population in the rural area.

Coimbatore town and Cuddalore town, were selected for urban sample. The urban sample were drawn from slum areas, Housing Board colonies and Mill colonies and Rich area (it has been identified by the house tax levied in that area). The rural sample from Coimbatore District was drawn from the villages of Seeliyur, Kendapalayam, Maruthur, Bujanganur and Kanuvaipalayam

in Karamadai Block, located at a distance of 35 Kilometers from Sri Avinashilingam Home Science College on the Mettupalayam Road.

Villages such as Eraiyur, Nallur, Kothatai, Goodalur, Kandappan Kurichi from Nallur Block located at a distance of 60 Kilometres from Cudalore were selected for the South Arcot rural sample

3.1.3. Selection of households :

Among the families headed by a husband and wife, with or without children - or any one of the parent with children were selected for the interview. Such couples had to have been formed before January 1980.

The investigator used the random sampling technique for the selection of the sample, in which each and every item of the population has an equal and independent chance of being included in the sample and is free from bias (Gupta, 1976). However, wherever the homemaker or head was not found or was unwilling to give the information required, that particular randomly selected household was skipped and the adjoining household was selected. The sample were designed to include a sufficient number of families in the low to moderate income ranges to provide ample data for preparing budgets, and also to include families with a

high income to permit examination of the effects of family characteristics on household expenditure.

Thus the survey on family budget relate to 12 villages and two zones from each town covering 606 urban households and 436 of rural households. It is seen that the samples selected in rural areas are less than that of urban areas eventhough the proportion of rural is about 65 per cent in the State. However, it is explained that the lesser number of sample in rural areas does not affect the study since the household pattern in the rural area is not having any drastic variation among themselves. On the contrary the urban households generally not uniform, socially and culturally hence a larger sample size was considered to arrive at a normal average to minimize the errors in the non uniform population.

The details of sample households and persons are furnished below :

TABLE : 3.1 - DETAILS OF SAMPLE VILLAGES/TOWNS AND SAMPLE HOUSEHOLDS AND PERSONS

Sector	No of sample urban/villages	No.of sample households	No.of sample persons
Urban	2	606	2976
Rural	10	436	2180
Total	-	1042	5156

Thus 1042 families were selected.

3.2. Selection of the method :

A survey is a fact-finding study, and is essentially a method of collecting facts, (Krishnaswami, 1966). The method selected for the survey was the interview method, in which the investigator can gather data directly from respondents in face to face contacts, in contrast to other data gathering procedure (Kurien, 1973).

Kurien (1973), Shukla (1975), Rengaswami (1976), Wilkinson and Bhandarkar (1977) describe the interview schedule as a planned list of question to be asked during the interview. Data collected through the Interview Schedule are superior to data obtained through other data gathering devices. People are usually more willing to talk than to write. In a person to person interview the purpose and meaning of questions can be better explained to get valid responses. The sincerity and insight of the interview can be judged through cross - questioning. Young (1962) and Shukla (1975) hold that the interview schedule can be successfully employed to collect a wide range of information - from merely factual or census data to highly personal and intimate details relating to a person's inner strivings and attitudes, values and beliefs, past experiences and future intentions. Accordingly an interview schedule was designed to collect information from selected households (Appendix-I).

The interview schedule consisted of three parts.

Part 'A' of the schedule covered information relating to family composition, occupation, income, gainful employment of the homemaker, family possessions, savings and borrowing habits and housing conditions.

Part 'B' of the schedule consisted of questions relating to planning, controlling and evaluating the money management practices of selected households. In Part 'C' of the schedule, detailed account-keeping for various items of expenditure for one year were called for.

The selected households were issued the account sheets (Appendix -II) in which they were requested to record all daily receipts and disbursements for a month. These sheets were collected at the end of the month, and the data were transferred to the schedules by the investigator.

Due to problems of illiteracy and the fact that daily wage earners and low income groups dominated in the slum and rural areas. Six enumerators in each area were appointed to record income and expenditure daily in these areas. For other groups, instructions were given to the homemakers to record carefully the day-to-day expenditure in the account sheet. However the investigator made frequent visits to each family. For meaningful results on family budget it is necessary to conduct

the survey using a fixed sample of families to be visited several times. Accordingly account keeping was elicited which enabled the investigator to collect the expenditures for the stated periods (June 1980 - June 1981) of one year.

3.3. Pilot study to pretest the schedule :

A preliminary survey of 100 families was first conducted in December 1980 and January 1981. The purpose of the survey was to test the efficacy and validity of the schedule regarding the usefulness of the data obtained and understanding on the part of the respondents.

According to Wilkinson and Bhandarkar (1977) a pretest on the interviewers helps to equip them with understanding of the overall objective of each question and what it is trying to measure precisely. Gopal (1968) recommended the pilot survey to enable easy and convenient elicitation of information from the representative sample, especially when elaborate studies in different areas are undertaken. Considerable successive requirements and modification will have to be made in the light of experience thus gained. The interview schedule formulated was thus pretested to see how it worked and whether or not changes were necessary, before the start of major study. The pilot study also helped to train the investigator in the use of the schedule

and developed her confidence and skills as an interviewer. The investigator got oriented to the schedule and learned how to pose the questions. Based on the light thrown by the pretesting, the following modifications were made in the final schedule.

1. The condensed schedule used for recording the family's expenditure was rendered in-operative. Hence, the investigator revised the expenditure part in detail.

2. Families were highly reluctant to give information on financial assets due to fear of income-tax. Therefore, these items were deleted from the schedule. Instead items such as bank account post-office account, insurance policy/general provident fund have been chosen in this study as representative of more common financial asset holdings-under the head of savings in expenditure part of the questionnaire.

3. Some questions were included to check the validity of the answer given by the respondents with special reference to savings and borrowing habits of the family.

The time taken to complete one household helped the investigator to limit the sample size for the survey.

3.4. Conducting the survey

Rangaswamy (1976) points out that the basic key to successful interviewing is to establish rapport with the

respondent at ease. In order to get the information, the investigator visited all the selected households in the urban and rural areas personally and established rapport with the homemakers.

At the village level, the investigator first contacted Block Development Officer, Multipurpose Health Worker, Balasevikas and Gram sevikas for their co-operation and kind hlep to conduct the survey successfully. The details and the importance of the research were explained to them carefully. The families were contacted with the help of Balasevikas and Gramsevikas. This facilitated the establishment of a friendly relationship between the investigator and the homemakers.

3.5. Processing the data :

After the collection of the facts the investigator processed the data and tabulated them income group and family size wise. A family was classified as high income if the monthly income was above Rs.1500/- per month and family was rated low income when the income was below Rs.700/- per month. All the remaining families were considered middle income groups. Further the household income and expenditure figures were converted to per capita figures by using the population of each surveyed household which simultaneously controlled both variables, income and size of the family and such per capita of a family

determines to a large measure the social status, happiness and comforts of a family (Bhan, 1972).

Regarding expenditure pattern, wherever information on various items was given in kind the prevailing local prices of that area were used to convert them into monetary figures.

The investigator devised a socio-economic status scale for rural and urban areas to study the standard of living. The socio-economic status of the rural and urban families was measured with the help of certain components of socio-economic status scale devised by the investigator (Appendix III).

3.6. Developing standard budget :

Standard family budgets were developed for the rural and urban families at low, middle and high income levels and for small, medium and large sized families. These budgets were based on the data collected in the interviews of 1042 families in South Arcot and Coimbatore districts during the year 1981-82. After examination of several criteria for defining budget classes, data from urban and rural families were selected for developing the budgets.

3.6.1. Selection of the families :

The first problem in the development of the budgets was to select from the total sample of those families whose consumption

practices would be used as data for the budgets.

3.6.2 Income :

Families receiving pension, irregular income from wages and allowances from friends and relatives as the only source of income were omitted because the spending patterns of families receiving various types of assistance might differ from those of other families (Winakar and Thomas, 1978).

3.6.3. Income and Food cost ratio :

Engel's law of consumption formulated by Ernest Engel in the 19th century, states that the proportion of total expenditures that families devote to food is smaller at high total expenditure levels than at low total expenditure levels (Manroe, 1974). Thus the proportion of food expenditures to total expenditures may be an indicator of poverty (Orshanky, 1965, Peterkin, 1965 and Gupta and Ganguli, 1976). Families with such low income that food expenditure would take an excessively large proportion of the income (85 per cent) were excluded although budgets developed in this research were also to include low income families.

3.6.4. Poverty line :

According to Planning Commission, the satisfaction of the basic needs of a person would necessitate a monthly consumer

expenditure of Rs.61.80/- in rural areas and Rs.71.30/- in urban areas at 1976-'77 prices (Appu, 1979). The families whose per capita monthly expenditure is less than this could be defined as household below poverty line. Rupees 63.80 for rural and Rs.71.30 for urban (required amount per capita) was multiplied by the size of family and the total amount required by each family was obtained. The difference between the disposal income and the total requirement of each family was calculated. Those families who enjoyed an excess of disposal income over their requirements were classified as being above poverty line. The remaining families were considered poor and omitted from the budget cell.

3.6.5. Level of consumption index :

A family's income may fluctuate from year to year, particularly in the case of agricultural families. Ownership of durable goods and the condition of these goods may indicate a family's long term income situation and may be another indicator of income adequacy or poverty. Durable goods provide a flow of services and may be a more reliable measure of family well being than the current income (Winakar and Thomas, 1978).

A level of consumption index was developed from data for families included for budget developments (Appendix III) .

The index included variables representing whether the house has water and sanitary facilities, the person's per room specified by National Building Organisation - condition of dwelling unit, furniture and clothes. Families below the minimum comfort were excluded. After exclusions for all above reasons stated, urban and rural families remained of the original samples are given in Table 3.2.

TABLE : 3.2

NUMBER OF FAMILIES IN BUDGET CELL

Area	Number of families in budget cells			
	low income group	Middle income group	High income group	Total
Rural				
Small families (2-4)	82	56	18	156
Medium families (5&6)	46	88	26	160
Large families (7& above)	28	28	18	74
Total	156	172	62	390
Urban				
Small families (2-4)	92	66	110	268
Medium families (5&6)	34	46	84	164
Large families (7 & above)	12	18	48	78
Total	138	130	242	510

3.7. Education on family budget

3.7.1. Education to the homemakers :

In order to improve the life style of very low income group, education for better living was given through Mahalir Manram, South Arcot District. The aim of organising Mahalir Manram in this study were

- a) to educate the ways and means to augment family income
- b) to eliminate drudgery in domestic work by the adoption of indigenous laboursaving equipment such as hay box, smokeless chula and improved mud-cooler
- c) to overcome prevailing vitamin deficiency diseases such as angular stomatitis, bleeding gums and night blindness.
- d) to educate improved and desirable methods of food preparation, preservation and cooking practices.
- e) to study the effect of income and expenditure by supplementary occupation.

3.7.2. Education to head of the family :

With the help of rotary club (Pennadam) South Arcot the investigator organised a meeting for rotarians (high income group) and - labourers (low and middle income group) in sugar cane factory.

The pin points of the meeting were :

- a. to formulate family budget

- b. to find ways and means of cutting down expenditure without affecting the health of the family members.
- c. to overcome the age old prejudices, social customs, and habits, so that unnecessary expenditure can be cut.
- d. to educate the ill effects of consumption of intoxicants and its effect on family budget.
- e. to use credit facilities wisely.

3.7.3. Education to school headmasters :

With the help of State Council of Education and Research Training (SCERT), the investigator organised a meeting with school headmasters, South Zone of South Arcot District. The goals of the meeting were :

- a. to emphasize the need for budget in healthy family living
- b. to study the effect of family size on family expenditure

3.7.4. Education to school children :

With the help of school headmasters (Goodalur and Eriyur from Nallur Block - South Arcot District) meeting was organised to educate school children. The importance of the meeting were as follows :

- a. to instil the young mind the need of budget in family life

- b. to save to satisfy their needs.
- c. to avoid impulsive purchasing habits
- d. to realise their contributions in smooth running of the family
- e. to utilise their leisure time to earn their pocket money.

* * *

CHAPTER -4

4.0 RESULTS AND DISCUSSIONS

The objective of the study was to analyse the family budgets in selected rural and urban areas of Tamil Nadu to find out the impact of socio-economic factors on the family budgets and to derive norms for family budget for different income groups and different sized families living in the rural and urban areas. The analysis of the data and the results are presented and discussed in this chapter.

4.1. SOCIO-ECONOMIC PROFILE OF THE FAMILIES

Table 4.1 presents the distribution of the selected sample of households according to religion, family type and size.

4.1.1. Religion : Hinduism is found to be the most prevalent religion in the urban and the rural areas. A greater percent of the urban (88 percent) and the rural families (95 percent) followed Hinduism, which is in accordance with the census of India, 1981 (82.82 percent) (Census report, 1981).

4.1.2. Family Type : Data regarding the type of family showed that 84 percent of the urban and 85 percent of the rural families

TABLE : 4.1 FAMILY CHARACTERISTICS (Families in per cent)

FAMILY CHARACTERISTICS	URBAN		RURAL		TOTAL	
	N.606	%	N.436	%	N.1042	%
<u>RELIGION</u>						
Hinduism	532	87.79	414	94.95	946	90.79
Islam	14	2.39	--	--	14	1.34
Christianity	60	9.92	22	5.05	82	7.87
<u>FAMILY TYPE</u>						
Nuclear	512	84.49	372	85.32	884	84.84
Joint Family	94	15.51	64	14.68	158	15.16
<u>FAMILY SIZE</u>						
Small (2-4)	296	48.84	184	42.20	480	46.07
Medium (5-6)	212	34.98	178	40.83	390	37.43
Large (7 and above)	98	16.18	74	16.97	172	16.50

In this and subsequent tables % represents percentage of families.

were of nuclear type, which indicated the current trend towards the disintegration of the joint family system in India. This phenomenon could be due to the increasing emphasis on individuality and the need for independence and economic living. Hence the joint family appears to have given way in a large measure, to the smaller, and more compact nuclear family.

4.1.3. Family Size : Fortynine percent of the urban and 42 percent of the rural families were small sized families consisting of two to four members. This shows that the family planning efforts taken by the Government have had much impact on the family size. This encouraging trend augurs well for the future.

4.1.4. Sex : Sex-wise, 51 percent of the sample families in the urban and 52 percent in the rural were comprised of males. The sex ratio in the sample was 951 females per 1000 males. This is slightly lower than the Tamil Nadu, figure which is (973) women per 1000 men. (Census report, 1981).

4.1.5. Age : Table 4.2 presents the percentage distribution of age of the heads and home makers. Thirtyone percent of the heads of urban households were in the age range of 35-45 and 45-55 years. Thirty eight percent and 27 percent of the rural heads were in the age ranges of 35-45 years and 45-55 years respectively. Fortyone percent of the urban and 47 percent of the rural home makers were

TABLE : 4.2 AGE OF THE HEADS AND HOME MAKERS (Families in Per cent)

Age in years	URBAN 606				RURAL 436			
	N.606	Head %	Home Maker N.606	%	N.436	Head %	Home maker N.436	%
Below 35	124	20.46	246	40.59	104	23.85	206	47.24
35-45	190	31.35	194	32.01	164	37.61	136	31.19
45-55	190	31.35	118	19.48	118	27.06	72	16.51
55 and above	102	16.84	48	7.92	50	11.48	22	5.06
Total	606	100.00	606	100.00	436	100.00	436	100.00

below 35 years of age.

4.1.6. Education : According to Devadas (1975) and Nayer (1976) education is one of the productive forms of human investment which raises the status of the people of a country and ultimately brings about social changes. Hence, the educational status of the heads of the household have been studied.

Table 4.3 presents the educational levels of the heads and the home makers of the selected families. In the urban areas 27 percent of heads of the families had studied upto high school level followed by 18 percent upto professional and post-graduate degrees whereas only 15-29 percent of the home makers were educated upto high school and primary school levels.

Education in the rural areas depicts a different picture. Twentynine percent of rural heads were educated upto primary school and high school level. Eighteen per cent of the heads and 43 percent of home makers were illiterates. Thus urban literacy seems to be better than the rural literacy rate.

Irrespective of the residential localities, rural or urban, the literacy figures of the sample is encouraging, when compared to India's literacy rate. The overall literacy rates of the urban and rural male population in the sample were 96 percent and 83 percent with the corresponding figures 84 and 57 percent

TABLE : 4.3 EDUCATIONAL LEVELS OF THE HEADS AND HOMEMAKERS (Families in per cent)

Educational level	URBAN		RURAL	
	Head N.606	%	Head N.436	%
Professionals and post- graduates	110	18.15	66	10.89
			8	1.83
				--
Graduates and diploma holders	98	16.17	46	7.59
			20	4.59
			6	1.38
Inter, P.U.C.,	48	7.92	30	4.95
			26	5.96
			6	1.38
High School	166	27.39	178	29.37
			126	28.90
			68	15.60
Middle school	70	11.55	98	16.17
			52	11.93
			82	18.81
Primary	92	15.18	92	15.18
			126	28.90
			86	19.72
Illiterate	22	3.64	96	15.84
			78	17.89
			188	43.11
Total	606	100.00	606	100.00
			436	100.00
			436	100.00

respectively for the females whereas the Indian literacy rate of the male population is only 46 percent and the female population is only 24.9 percent. The higher literacy rate of the selected sample may be due to the current adult education drives and compulsory policies at primary levels since 1958. However, the female literacy, which is the most important in the context of any family welfare programme, is not satisfactory in the rural areas. Therefore greater efforts are needed to improve the literacy of the rural areas of our country for the fast progress of the nation.

4.1.7. Occupational Status of the Family Heads : Occupation reflects the economic status of the family in the society and its standard of living. (Gross and Crandall, 1970). Occupation is an index and symbol of the style that people live and the level of prestige that is accorded to them (Vagiswari, 1972). It is therefore important to study the occupation of the heads of the household and relate them to the family income, its regularity and hence their economic status or standard of living. Occupation in this study confines to the work or employment which provides the major source of income.

Table 4.4 illustrates that the most prevalent occupations of the heads of the urban families were clerical workers (21 per cent) and professional (19 per cent). Managerial workers and

TABLE : 4.4 OCCUPATIONAL STATUS OF HEADS AND FAMILY INCOME (Families in Per cent)

Occupations	URBAN				RURAL			
	HIG	MIG	LIG	TOTAL	HIG	MIG	LIG	TOTAL
	N.248	N.182	N.176	N.606	N.62	N.176	N.198	N.436
Professionals	37.10	13.19	1.14	19.47	3.23	(-)	(-)	0.46
Managerial	25.00	17.58	1.14	15.84	9.68	6.82	2.02	5.05
Business traders	16.13	6.57	(-)	8.58	29.03	1.14	2.02	5.50
Clerks and shopkeepers	9.68	30.77	26.14	20.79	3.23	15.91	8.08	10.55
Skilled workers	0.81	9.89	13.64	7.26	(-)	15.91	12.12	11.93
Unskilled workers	3.23	12.99	39.77	16.50	(-)	22.73	48.48	31.19
Owner cultivators	0.80	(-)	1.40	0.66	29.03	2.27	(-)	5.05
Farmers and farm labourers	(-)	1.10	(-)	0.13	16.13	21.59	15.15	17.89
Pensioner and unemployed	5.65	2.20	10.23	5.62	6.44	2.27	1.01	2.29
Others	1.61	6.59	7.94	4.95	3.23	11.36	11.32	10.09

In this and subsequent tables LIG - Low Income Group, MIG - Middle Income group
HIG - High Income Group

unskilled labourers constituted 16 and 17 percent of families respectively.

In the case of the rural sample "unskilled labourers" constituted nearly one third of the rural population and about 18 percent of the rural heads were either small farmers or farm labourers. Skilled workers, clerks and others which included police, conductor and armed forces were common in 10 to 12 percent of the rural families.

Income wise, analysis of the occupational status of the urban families revealed that more than one third of high income urban heads of the families were professionals (37 percent) followed by one fourth of managerial workers (25 percent) coming under the same income bracket. Nearly one third of middle income group heads from the urban household were clerks (31 percent) followed by managerial workers (18 percent). In low income urban families, unskilled workers predominated to the extent of 40 percent followed by clerks and shop keepers (26 percent).

With regard to the rural population, 29 percent of the heads of families from the high income strata were owner cultivators and business traders whereas, 16 percent were small farmers and farm labourers. In the middle income group, more or less the same percent of heads of families were employed as unskilled

labourers (23 percent) and small farmers and farm labourers (22 percent). Nearly 50 percent of the heads of the rural low income families were unskilled labourers and 15 percent were small farmers and farm labourers.

Table 4.5 depicts the occupational status of the head of the families by the family size. The prevalent career for 22 and 18 percent of the heads of small sized urban families were of clerical and managerial respectively. Sixteen percent were found to be the Professionals. The heads of nearly one fourth and one fifth of the medium sized urban families were professionals and unskilled workers respectively. Another prevailing employment status of heads of family was clerical in nature in medium sized families. Twenty to 22 percent of large sized families in the urban areas were working as professionals, clerks, shop keepers or unskilled labourers.

Regarding the rural families, a majority of the heads of small and medium sized families were unskilled workers. Twentytwo percent of the rural large sized families, the heads each earned their livelihood as small farmers and farm labourers and skilled workers. The unskilled workers constituted a 16 percent in the large sized families.

TABLE : 4.5 OCCUPATIONAL STATUS OF THE HEADS AND FAMILY SIZE (Families in Per cent)

Occupations	URBAN				RURAL			
	Small	Medium	Large	Total	Small	Medium	Large	Total
	N.296	N.212	N.98	N.606	N.184	N.178	N.74	N.436
Professionals	16.22	23.58	20.41	19.47	1.09	(-)	(-)	0.46
Managerials	18.24	14.15	12.24	15.84	4.35	5.62	5.41	5.05
Business traders	12.16	4.72	6.13	8.58	2.17	7.87	8.11	5.50
Clerks and shopkeepers	21.62	18.87	22.45	20.79	11.96	10.11	8.11	10.55
Skilled workers	4.05	12.26	6.12	7.26	10.87	8.99	21.62	11.93
Unskilled workers	12.16	20.75	20.41	16.50	40.22	28.09	16.22	31.19
Owner cultivators	1.35	(-)	(-)	0.66	2.17	8.99	2.70	5.05
Farmers and Farm labourers	(-)	(-)	2.04	0.33	18.48	15.73	21.62	17.89
Pensioners and unemployed	6.08	4.73	6.12	5.62	2.17	1.12	5.41	2.29
Others	8.12	0.94	(-)	4.95	6.52	13.48	10.80	10.09
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

4.2. GAINFUL EMPLOYMENT OF THE HOME MAKERS

Out of 606 home makers 126 of urban home makers (21 per-cent) and out of 436 households 44 of rural home makers (10 percent) were gainfully employed. Of the home makers who were gainfully employed, the number of home makers seeking employment increased with increase in income. This might be due to the fact that the inclusion of home makers' earning, shifted the family to a higher income status in the urban families.

4.2.1. Reasons for gainful employment :

Table 4.6 presents the data regarding the reasons for gainful employment of the home makers. Irrespective of the area of residence, a majority of the urban and rural home makers worked for economic reasons, such as 'to supplement the family income' in 67 percent and 64 percent and 'to raise the standard of living' in 49 percent and 41 percent of the families respectively. The other reasons stated by urban home makers were 'to buy expensive household appliances' and 'to use the special training and skill' in 38 percent and 27 percent of families respectively and these were found to be significantly less in the rural area.

The data have been analysed to see the influence of income on the reasons stated by home makers. A majority of the urban high (61 percent) middle (79 percent) and low income group

TABLE : 4.6 REASONS FOR GAINFUL EMPLOYMENT OF THE HOMEMAKERS AND FAMILY INCOME (Families in Per cent)

Reasons for gainful employment of Homemakers	URBAN				RURAL			
	HIG N.88	MIG N.28	LIG N.10	TOTAL N.126	HIG N.12	MIG N.18	LIG N.14	TOTAL N.44
To supplement the family income	61.36	78.57	80.00	66.67	33.33	55.56	100.00	63.64
To buy expensive household appliances	36.36	57.14	--	38.10	--	33.33	--	13.64
To liquidate debts	2.27	8.00	60.00	9.52	--	--	33.33	13.64
To raise the standard of living of the family	59.09	35.71	--	49.21	50.00	55.56	11.11	40.91
Husband has a positive attitude	18.18	--	--	12.70	33.33	--	--	9.09
Worked before marriage and continued thereafter	29.55	14.29	--	23.81	33.33	--	--	9.09
To use the special training and skill	38.64	--	--	26.98	33.33	11.11	--	13.64
For Prestige	9.09	--	--	6.35	--	--	--	--
To keep up social contacts	11.36	--	--	7.94	33.33	22.22	--	9.09
For future expenditure on marriage and other obligations	20.45	--	--	14.29	16.67	--	--	9.09
To support family	2.27	--	--	1.59	--	--	22.22	9.09

Percentage exceeds 100 due to multiple response

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(80 percent) families, home makers indicated that the employment was taken up for economic reasons ie., mainly to supplement the family income. This reason has been followed by the other reasons such as to raise the standard of living of the family (59 percent) to buy expensive appliances (57 percent) in high, middle and low income groups respectively. Reasons such as to use of special training and skill, employment before marriage and continued thereafter, for future expenditures, and husband's positive attitudes seemed to occur more in urban high income group.

Regarding rural families, about half of the high income home makers worked to raise the standard of living of the family and one third of the home makers worked for the reasons such as 'to buy expensive appliances', employment before marriage, husband's positive attitude, to use the special training and skill and to keep up social contacts.

More than half (56 percent) the sample of home makers in middle income group sought employment, to supplement the family income, and to raise the standard of living. Thirty three percent and 32 percent seemed to work to buy expensive appliances and to keep up social contacts respectively.

Cent percent of rural home makers from low income families gave the reason to supplement the family income. To

liquidate debts and to support family were the other reasons for taking up employment in 33 percent and 22 percent respectively.

The percentage of home makers, seeking employment increased as the size decreased. Six, three and one out of every 10 samples of home makers of small, medium and large sized families respectively were gainfully employed in urban areas. In rural areas, the distribution of the gainfully employed home makers within the family size revealed that 50, 45 and 5 percent of the home makers were from medium, small and large sized families respectively.

Table 4.7 reveals that nearly one half of the sample of gainfully employed home makers from small sized families residing in urban area preferred the outside employment in order to supplement the family income and to raise the standard of living. The predominant reason for the greater percent (90) of the rural employed home makers from small families was mainly to supplement the family income.

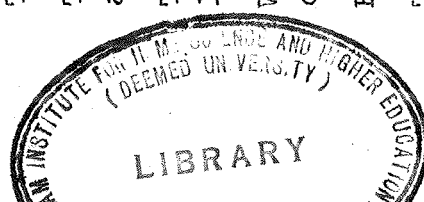
Ninetyfive percent of the gainfully employed home makers of medium sized families living in urban areas had taken up employment to supplement the family income when 55 percent of rural medium sized home makers aimed to raise the standard of living of the family followed by 45 percent of home makers to

TABLE : 4.7 REASONS FOR GAINFUL EMPLOYMENT OF HOMEMAKERS AND FAMILY SIZE (Families in Per cent)

Reasons for gainful employment of Home makers	URBAN				RURAL			
	Small N.76	Medium N.38	Large N.12	Total N.126	Small N.20	Medium N.22	Large N.2	Total N.44
To supplement the family income	47.37	94.74	100.00	66.67	90.00	45.45	--	63.64
To liquidate debts	7.89	5.26	33.33	9.52	20.00	9.09	--	13.64
To buy expensive household appliances	39.47	36.84	33.33	88.10	10.00	18.18	--	13.64
To raise the standard of living of the family	47.37	47.37	66.67	49.21	30.00	54.55	--	40.91
Worked before marriage and continued thereafter	28.95	15.79	16.67	23.81	--	9.09	100.00	9.09
Husband has a positive attitude	15.79	--	33.33	12.70	--	9.09	100.00	9.09
To use the special training and skill	36.84	--	50.00	26.98	--	18.18	100.00	13.64
To keep up social contacts	7.89	10.53	--	7.94	--	9.09	100.00	9.09
For prestige	2.63	10.53	16.67	6.35	--	--	--	--
For future expenditure on marriages and other obligations	13.16	15.79	16.67	14.29	10.00	9.09	--	9.09
To support family	2.63	5.26	--	1.59	20.00	--	--	9.09

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Percentage exceeds 100 due to multiple response



supplement the family income through gainful employment.

The entire sample of the urban employed home makers from large sized families had opted for job to supplement family income. In the rural area the entire sample of employed home makers of large were employed because they were in the job prior to marriage and hence continuing, husbands positive attitude, to use the special training and skill and to keep up social contacts.

To supplement the family income and to raise the standard of living were mentioned more frequently by gainfully employed home makers. Hence basically income inadequacy and thirst to raise the living standard of the family compelled home makers to seek employment and this was further induced by various other reasons which differed with the income and the family size.

4.3. ECONOMIC RESOURCEFULNESS OF THE FAMILIES

The economic status of a population can be determined by classifying it as earners, earning dependents and non earning dependents (Pant and Mahalanobis, 1954). If a family has more earners with less dependents, the probability of their economic status and standard of living would be high whereas a family with more dependents and less income earners will have a low economic status and standard of living.

4.3.1. Earners, Earning and Non earning dependents

Table 4.8 reveals that the percentage of earners and earning and non earning dependents were found to be almost the same in the urban and the rural areas. The corresponding figures of earners as per income group ranged from 19 to 23 percent in the urban and 18 and 20 percent in the rural households. However, earning dependents were found to form a greater percentage both in the urban and the rural high income groups than in the middle and low income groups. The percentage ranged from seven percent to 17 percent in the urban households and from nine to 17 percent in the rural households. There was no remarkable difference between the urban and rural families in regard to the percentage of non earning dependents. However non earning dependents in the rural middle income seemed to be higher (73 percent) than their urban counterparts (66 percent).

Analysing by the family size, the percentage of earners seemed to decrease as the size of the family increased (Table 4.9). On the other hand, percentage of earning dependents and non-earning dependents seemed to increase as the family size increased both in the urban and rural households.

4.3.3. Dependency Ratio

Calculating the dependency ratio, the rural households

TABLE 4.8 EARNERS, EARNING DEPENDENTS AND FAMILY INCOME (Families in per cent)

[illegible]

TABLE : 4.9 EARNERS, EARNING DEPENDENTS AND NON EARNING DEPENDENTS AND FAMILY SIZE
(Families in per cent)

Earnings and dependents	URBAN				RURAL			
	Small	Medium	Large	Total	Small	Medium	Large	Total
	N.1046	N.1158	N.772	N.2976	N.620	N.970	N.590	N.2180
Earners	28.68	18.13	12.69	20.43	29.68	18.14	9.15	18.99
Earning dependents	11.28	13.13	16.84	13.44	8.39	10.10	13.90	10.64
Non-earning dependents	60.04	68.74	70.47	66.13	61.93	71.76	76.95	70.37
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Dependency ratio	150.00	219.89	238.63	195.00	219.29	254.00	338.83	237.49

seemed to have 237 dependents for every 100 earners, and the urban only 195 dependents for every 100 earners. Income wise, there is an increasing tendency in the dependency ratio as the family income decreased in the urban households. The figures of dependency ratio were 175, 197 and 232 for high, middle and low income families respectively. In the rural households, the dependency ratio increased from high income to middle income groups, but surprisingly declined in the low income group. This might be due to the fact that the majority of low income families belonged to small sized families. However, the dependency ratio was greater in the rural households than in the urban households.

Analysing the dependency ratio by family size, it increased from small to large sized families. However, the dependency ratio was more pronounced in different sized rural families than in the urban families. The corresponding figures of dependency ratio ranged from 150 to 239 and 219 to 339 in the urban and the rural households, respectively.

4.4. SOURCES OF INCOME

The family may receive income from more than one source either because there is more than one earner with separate sources of income or the same earner may have income from more than one occupation. It is therefore of interest to know what proportion

of households in the rural and the urban sectors earn income from different sources, which ultimately affect expenditure pattern.

4.4.1. Source of Income and family characteristics :

Table 4.10 gives the sources of income derived by the selected sample by family income. In general a majority of the urban (88 percent) and rural (59 percent) families derive income by the way of salaries and wages. Property income either in the form of rent or interest from buildings owned or profit from lands accounted for 40 percent in the rural and 13percent in the urban areas.

A majority of the urban families high income (99 percent) middle income (85 percent) and low income (97 percent) received their income from salaries and wages. Nearly one fourth of high income families received also maximum revenue through properties such as land and buildings.

A comparison of the different income groups of the rural families with their urban counterparts receipts from properties (58 percent) such as land and building formed the major source of income for the rural high income group. Income from 'salaries and wages' and 'business' were also available for 19 percent of the high income bracket.

Fortyeight percent of the rural middle income families

TABLE : 4.10 SOURCES OF INCOME AND FAMILY INCOME

Sources of Income	URBAN-606				RURAL 436			
	HIG	MIG	LIG	TOTAL	HIG	MIG	LIG	TOTAL
	N.248	N.182	N.176	N.606	N.62	N.176	N.198	N.436
Salaries/wages	99.19	84.62	96.60	88.12	19.35	47.73	81.82	59.17
Business earnings	3.23	5.49	(-)	2.97	19.35	1.14	3.03	4.59
Receipts from properties	22.58	7.69	4.55	12.87	58.06	47.73	27.27	39.91
Income from investment	2.42	(-)	(-)	0.99	3.23	1.14	(-)	0.92
Allowances from parents/ parents in laws	(-)	2.20	(-)	0.66	(-)	(-)	1.01	0.46
Sales of goods produced by the family	2.42	4.40	(-)	2.31	(-)	3.41	10.10	5.96
Other earnings	1.61	5.49	(-)	2.31	(-)	(-)	(-)	(-)

Percentage exceeds 100 due to multiple response

received income either from 'salaries and wages' or receipts from properties. 'Salaries and wages' were prevalent as the source of income in majority of low income families (82 percent) followed by the receipts from properties.

Table 4.11 represents the sources of income available by family size. The major source of income for all family sizes in both urban and rural areas was through salaries and wages.

A similar trend was observed in the small, medium and large sized families living in the rural areas. Salaries and wages were found to be a major source of income in 67 percent of medium 57 percent of large and 52 percent of small sized families.

4.5. FAMILY INCOME

An attempt has been made to examine qualitatively the relationship between income earned by a household on the one hand and a few socioeconomic factors relating to the household on the other. While the income earned for this analysis was taken to be that of the household, the socioeconomic factors are of the head of the household alone were considered.

4.5.1. Income profile of the selected households

Table 4.12 gives the income profile of the selected households. While 41 percent of the urban families earned a

TABLE : 4.11 SOURCES OF INCOME AND FAMILY SIZE

Sources of income	URBAN				RURAL			
	Small N.296	Medium N.212	Large N.98	Total N.606	Small N.184	Medium N.178	Large N.74	Total N.436
Salaries/wages	83.11	92.45	93.88	88.12	62.17	67.42	56.76	59.17
Business earnings	--	4.72	8.16	2.97	3.26	4.49	8.11	4.59
Receipts from properties (Land and Building)	8.11	17.92	16.33	12.87	34.78	42.70	4.59	39.91
Income from Investment	0.68	1.89	--	0.99	--	2.25	--	0.92
Allowances from patents/ parents in law	1.35	--	--	0.56	1.09	--	--	0.46
The sale of goods produced by the family	0.68	4.72	2.04	2.31	10.87	2.25	2.70	5.96
Other earnings	--	6.60	--	2.31	--	--	--	--

Percentage exceeds 100 due to multiple response

TABLE : 4.12 INCOME PROFILE OF THE HOUSEHOLDS SURVEYED
(Families in percent)

INCOME	Urban	Rural	Total
High Income (Rs.1500 and above)	40.92	14.22	29.75
Middle Income (Rs.700- Rs.1500)	30.03	40.36	34.36
Low Income (below Rs.700)	29.05	45.42	35.89

monthly income of above Rs.1500, 45 percent of the rural families earned only below Rs.700 per month. In other words, a large proportion of the selected urban sample falls in the class of high income level, whereas in the rural group it is in the reverse.

4.5.2. Income in relation to socioeconomic profile of the families:

Table 4.13 reveals the mean family and per capita income per month and income group. The urban total mean family and per capita income were Rs.1819 and Rs.407 respectively and these were slightly half of urban income in the rural households. Analysing by the size of income, the urban high and middle income families earned Rs.3297 and 1099, which was higher than what their rural counterparts earned namely, Rs.2383 and Rs.974 respectively. It is interesting to note that the mean family monthly income of the rural low income families was higher than that of the urban low income families. As the income of the family increased the per capita income also increased in both the urban and rural families. The per capita income was higher in the urban families than in the rural families, with the exception to low income group.

Table 4.14 indicates the mean family income and per capita income by family size. Different sized families living in the urban area seemed to earn a higher income than the rural families. The mean family income and per capita income of urban

TABLE : 4.13 MEAN FAMILY AND PER CAPITA MONTHLY INCOME BY FAMILY INCOME (In Rupees)

Income	URBAN				RURAL	
	Mean C.U in the family	Mean monthly family income	Mean monthly percapi ta in- come	Mean C.U in the family	Mean monthly family income	Mean monthly percapi ta in- come
1. High Income	4.88	3297.32	675.68	5.03	2382.55	473.67
2. Middle Income	4.57	1099.01	240.48	4.55	974.39	214.15
3. Low Income	3.80	480.82	126.53	4.04	562.93	139.34
Total	4.47	1819.11	406.96	4.38	959.34	219.03

In this and subsequent tables C.U. means consumption Units in the family

TABLE : 4.14. MEAN FAMILY AND PERCAPITA MONTHLY INCOME AND FAMILY SIZE (In rupees)

Family size	URBAN			RURAL		
	Mean C.U. in the family	Mean monthly income	Mean Per capita monthly income	Mean C.U. in the family	Mean monthly income	Mean per capita monthly income
Small	3.21	1511.02	470.72	3.06	763.70	249.58
Medium	5.01	1953.43	389.91	4.75	1026.35	216.03
Large	7.09	2459.08	346.84	6.77	1282.22	189.40
TOTAL	4.47	1819.11	406.96	4.38	959.34	219.03

small, medium and large sized families were small : Rs.1511 and Rs.470, medium : Rs.1953 and Rs.390 and large : Rs.2459 and Rs.347 respectively. In rural families it was only Small : Rs.763 and Rs.250, medium : Rs.1027 and Rs.216 and large : Rs.1282 and Rs.189 respectively. As the size of the family increased the actual quantum of income increased whereas the per capita income which determines the standard of living decreased as the family size increased.

Table 4.15 depicts the mean family and per capita income by educational level, of the head. The levels of mean family and per capita income showed a clear tendency to rise with the level of education of the head in the urban and rural areas. Head of the family studied upto college level seemed to earn a higher income of Rs.2184 to Rs.2812 than those who had education below college level who earned only Rs.978 to Rs.1610. The per capita figure also moved in the same direction.

Judged on this basis, the households in the rural areas also exhibited similar trend. The head of the family who had professional qualification and graduate level earned Rs.2115 and Rs.1595 respectively followed by heads —
— with high school (Rs.1071) and middle school level (Rs.1072)

TABLE : 4.15 MEAN FAMILY AND PER CAPITA MONTHLY INCOME BY EDUCATIONAL LEVELS OF

THE HEADS (In Rupees)

Educational level of the head	URBAN				RURAL			
	Mean C.U. in the family	Mean family monthly income	Mean Per capita monthly income	Mean C.U. in the family	Mean family monthly income	Mean per capita monthly income		
Professionals and postgraduates	4.03	2342.98	581.38	4.25	2115.25	497.70		
Graduate and diploma holders	3.48	2812.20	808.10	4.00	1595.00	398.75		
Inter and PUC	4.56	2183.92	478.93	4.42	1071.15	242.34		
High School	4.34	1610.11	370.99	4.19	969.00	230.07		
Middle school	5.08	1526.00	300.39	4.58	1072.23	234.11		
Primary School	5.97	978.00	163.82	4.78	842.44	176.33		
Illiterate	5.45	1097.27	201.33	3.94	747.36	189.69		
Total	4.47	1819.11	406.96	4.38	959.34	219.03		

of education. The percapita also moved in the same direction. Further the result showed that the family income in rural area is not only influenced by the educational attainment of the head alone. But the other contributing factors such as other sources of income, number of earners in the family and occupational opportunities would have influenced the household to get higher income.

To sum up, education was found to be the most critical variable with regard to the earning capacity of the family heads. From this point of view, it can be safely concluded that the investment in education is likely to pay its individual.

The residential areas and the occupational differences have important bearing on the income wise distribution. In relating occupation and income, the primary occupation of the head alone is considered. In most societies at least some portion of such vital necessities of life as food, shelter and clothing are obtained through an exchange of labour.

Table 4.16 reveals that the mean family and per capita income figures displayed a wide range of variation between occupational groups. In urban areas it was highest for the household belonging to the business traders (Rs.5111 and Rs.863)

TABLE : 4.16 MEAN FAMILY AND PERCAPITA MONTHLY INCOME BY OCCUPATIONAL STATUS OF THE HEADS (In Rupees)

Occupation of the Head	URBAN			RURAL		
	Mean C.U. in the family	Mean family monthly income	Mean per capita monthly income	Mean C.U. in the family	Mean family monthly income	Mean per capita monthly income
Professionals	4.03	3004.64	745.57	3.00	3645.00	1215.00
Managerial workers	4.32	1349.94	312.46	4.32	1318.73	305.25
Business-traders	5.92	5111.46	863.42	4.88	2046.67	419.40
Clerks, shopkeepers	4.18	1088.13	260.32	3.96	800.37	202.24
Skilled Workers	4.32	706.14	163.46	4.46	767.54	172.09
Unskilled Workers	4.65	672.10	144.54	4.01	586.38	146.23
Owner cultivator	3.00	1133.50	377.83	5.27	2049.91	388.98
Small Farmers and Farm labourers	7.00	1500.00	214.29	4.58	882.69	192.73
Pensioners and un-employed	5.03	1578.65	313.85	6.30	1892.67	300.42
Others	4.33	928.33	214.39	4.48	902.09	201.36
Total	4.47	1819.11	406.96	4.38	959.34	219.03

followed by the households headed by professionals (Rs 3005 and Rs 746) and pensioner groups (Rs 1579 and Rs 314) and small farmers (Rs 1500 and Rs 214) and the unskilled labourers (Rs 672 and Rs 145) at the bottom.

Families with pensioners having high income was contradictory to the prevailing idea. This might be due to the fact that these families constitute more earners.

In rural areas, the family mean and per capita income were high in the families belonging to professional groups (Rs 3645 and Rs 1215). However, it is not comparable since the sample was very meagre. Households belonging to owner cultivators (Rs 2050 and Rs 389) business traders (Rs 2047 and Rs.419) occupied the next position in the income hierarchy, followed by the families headed by pensioners and unemployed groups. Families with unskilled heads seemed to earn comparatively less income than the other occupational categories.

Income distribution according to the age of the head is important for two reasons, not only because it gives an individual family some idea of its position in relation to other families in the same age bracket, but also because it gives an indication of how family income is apt to vary throughout life cycle (Gross and Crandall, 1970).

Table 4.17 presents the distribution of Mean family and per capita monthly income by the age of the head. The age of the head and the mean income of the household are positively correlated in both urban and rural sectors. Starting with mean income of Rs 1342 for households headed by persons below 35 years, the income in the urban area continuously increased to Rs 2296 for households headed by persons in the age group of 45-55 years. Inevitably, a rapid decline occurred in the households where the heads of the family were over 55 years of age.

This phenomenon of a higher mean income with the increasing age of the head of the household was also seen in the rural areas. The mean income earned by a household of each age group was, however, less in the rural sector than in urban sector. The income increased from Rs 697 to Rs 1416 as the age of the head increased from below 35 years to 55 years and above. Nevertheless it was surprising to note that no decline would be found in the mean monthly income of those heads who were over 55 years.

To sum up, the results of the survey showed, the rural and the urban differences in the mean income earned by a family. The low earning capacity of the rural families and the consequent low standard of living are evident.

Even after 37 years of independence and inspite of the

TABLE : 4.17 MEAN FAMILY AND PER CAPITA MONTHLY INCOME BY AGE OF THE HEADS (IN RUPEES)

Age of the Heads	URBAN			RURAL		
	Mean C.U. in the family	Mean family monthly income	Mean per capita monthly income	Mean C.U. in the family	Mean family monthly income	Mean per capita monthly income
Below 35 years	3.55	1342.00	378.03	3.50	697.37	199.25
35-45 years	4.00	1670.71	417.68	3.98	916.30	230.23
45-55 years	5.16	2295.98	444.96	5.49	1056.37	192.42
55 and above	5.18	1787.82	345.14	4.90	1416.47	289.08
Total	4.47	1819.11	406.96	4.38	959.34	219.03

steps taken by the Government to increase the income the targets has not been fully reached by the rural people. Lack of education and employment opportunities have led the rural population to resort to take up low paid jobs. As education and occupation are correlated with income of a person, the rural families which are deprived of education, end up earning a low income. Abject poverty, gross inequality in the distribution of wealth and income, chronic unemployment, squalor, want, ignorance and appalling insanitary and sub-human conditions of living are still deep-rooted in rural areas.

According to the Planning Commission, 48 percent of rural families still live below poverty line (1978). Rural households need encouragement and assistance to take up supplementary occupations for regular flow of income. In India where man power is in abundance, application of "Appropriate Technology" in the establishment of a net work of small scale industries for remunerative employment constitute a sin-qua-non for ensuring a reasonable standard of life.

Introduction of "Integrated Rural Development Programme" in the VI Five Year Plan is expected to solve the problem of unemployment and under employment. Thus, bring down the disparity in income by creating additional employment opportunities and

incremental income for the rural people. Thus increased income might bring prosperity in the rural household which in turn is the first and foremost step in raising the standard of the nation.

4.6. MONEY MANAGEMENT PRACTICES

4.6.1. Family goals :

Money is the most important tangible resource of a family. It is the most desired resources also. The way a family plans its money expenditure decides the type of materials, goods and services it obtains as well as the amount of satisfaction it derives. Recognition of the family goals is the stepping stone for successful money management practices. Family goals are set in expectation that reaching them will bring a satisfying life (Nickell and Dorsey, 1976). A person who associates ideas rapidly and who quickly and skilfully perceives and fashions goal patterns is goal minded (Cooper, 1961).

4.6.1.1. Necessity of family goals :

Table 4.18 presents the considerations of the relative necessity of the family goals by family income. In general forty two percent of the urban families rated goal-setting as very necessary and 38 percent stated it was necessary whereas in rural families 54 percent considered goals defining was necessary and

TABLE:4.18 CONSIDERATION OF RELATIVE NECESSITY OF FAMILY GOALS BY FAMILY INCOME
(Families in per cent)

Necessity of goals	URBAN				RURAL			
	HIG	MIG	LIG	TOTAL	HIG	MIG	LIG	TOTAL
	N.248	N.182	N.176	N.606	N.62	N.176	N.198	N.436
1) Very necessary	60.48	31.87	26.14	41.91	48.39	30.68	27.27	31.65
2) Necessary	36.29	51.65	25.00	37.63	45.15	55.68	55.56	54.13
3) Less Necessary	3.23	14.28	28.41	13.86	3.23	12.50	14.14	11.93
4) Not necessary	--	2.20	20.45	6.60	3.23	1.14	3.03	2.29
	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

32 percent were of the opinion that goal defining was 'very necessary'. These ratings differed with the family income and size.

Family income seemed to influence the goal setting of the family. A greater percent of the urban (60 percent) and the rural (48 percent) high income families considered goal setting as 'very necessary' than the other income groups.

For 52 percent of the urban middle income and 56 percent of rural middle income families goals were 'necessary' in family life. Nearly one third of the urban medium (32 percent) and rural medium (31 percent) considered goals as 'very necessary'.

The low income families 26 percent regarded goal defining as very necessary, 25 percent as necessary, 28 percent less necessary and 20 percent not necessary. In surprising contrast to the urban low income families 56 percent of the rural low income families considered goal as 'necessary'.

The indifference on the part of some of the urban low income families may be due to the restrictions imposed by their low income or illiteracy and general apathy.

Table 4.19 reveals the relative necessity of goals analysed by family size. Forty three percent of small and 46

TABLE : 4.19 CONSIDERATION OF THE RELATIVE NECESSITY OF FAMILY GOALS BY FAMILY SIZE
(Families in per cent)

Necessity of goals	URBAN			RURAL			Total	N.436
	Small N.296	Medium N.212	Large N.98	Total N.606	Small N.184	Medium N.178		
Very necessary	43.24	46.23	28.58	41.91	32.61	26.97	40.54	31.65
Necessary	35.14	32.08	57.14	37.63	50.00	61.80	45.95	54.13
Less necessary	16.22	12.26	10.20	13.86	13.04	10.11	13.51	11.93
Not necessary	5.40	9.43	4.08	6.60	4.35	1.12	--	2.29
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

percent of medium sized families were conscious of goals and defined their goals, well as 'very necessary' when compared with urban large sized families. In contrast, 41 percent of large sized rural families considered goals as 'very necessary' when compared to the rural small and medium sized families.

These results stress the urgent need for educating urban low income and large sized and rural low income and small sized families on the importance of conscious goal definition. While families can continue without any clear cut ideas about values or goals, those families which defined their goals and provided measures to attain them, are more likely to obtain what they desire from life.

4.6.1.2. Goal Defining :

Goals play an important role in everyone's life and are dynamic because they motivate thought and action both as individuals and members of a family. Each family has a number of competing goals from which a choice must be made. Deciding which goals are most desirable, acceptable and attainable, in the light of family resources is necessary to avoid failures and frustrations.

Table 4.20 reveals consciously defined goals by family income. Irrespective of income and size all the desired

TABLE : 4.20 CONSCIOUSLY DEFINED GOALS BY INCOME (Families in Per cent)

Consciously defined goals	URBAN				RURAL			
	HIG N.248	MIG N.182	LIG N.176	TOTAL N.506	HIG N.62	MIG N.176	LIG N.198	TOTAL N.436
All the desired goals	27.42	15.38	6.82	17.82	6.45	3.41	5.06	4.59
Most of the goals	37.71	35.16	15.90	30.03	64.52	47.73	38.38	45.87
Some of the goals	27.42	32.97	26.14	28.72	25.80	43.18	38.38	38.53
A few of the goals	7.45	16.49	38.64	19.14	3.23	5.68	15.15	9.63
None of the goals	--	--	12.50	4.29	--	--	3.03	1.38
	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

goals were considered important only in 18 percent of the urban families and in five percent of the rural families. Thirty and 29 percent of the urban families consciously defined 'most of the goals' and 'some of the goals' respectively, whereas, the corresponding percentages of families were 46 percent and 39 percent respectively.

It is surprising to note that only 27 percent of the urban high income families consciously defined 'all the desired goals' whereas it was still lower in the rural high income families. 'Most of the goals' were defined in 37 percent of urban high income families which were comparatively greater (65 percent) in rural counterparts. More or less the same percent of the urban (27 percent) and the rural families (26 percent) defined only 'some of the goals'.

Fifteen percent of urban middle income were concerned with 'all the desired goals' whereas only less than half of this number was concerned about all the goals in the rural areas. 'Most of the goals' and 'some of the goals' were consciously defined by 35 and 33 percent of the urban middle income families whereas the corresponding figures were 48 and 43 percent respectively, in the rural families.

The urban low income families were conscious about only

some of the goals (26 percent) and a few of the goals (39 percent) whereas 38 percent of rural low income families had consciously defined 'most of the goals' and some of the goals. It is sad to note that none of the goal was consciously defined in 13 percent of urban low income and three percent of rural low income families.

Table 4.21 represents consciously defined goals by family size. Twenty two percent of the urban small sized families consciously defined 'all the desired goals' whereas none of the rural small sized defined 'all the goals'. 'Most of the goals' and 'some of the goals' were consciously defined in 28 percent and 26 percent of urban small sized families and these were higher (41 and 42 percent) in the rural small sized families.

'Some of the goals' in 31 percent of families and 'most of the goals' in 34 percent of families were consciously defined in urban medium sized families and for the same the corresponding percentage of families were 54 and 34 percent respectively in the rural medium sized families.

Twentynine percent of urban large sized families defined 'most of the goals' whereas 38 percent of their rural counterparts had defined the goal consciously.

TABLE : 4.21 CONSCIOUSLY DEFINED GOALS BY FAMILY SIZE (Families in Per cent)

Consciously defined goals	URBAN				RURAL			
	Small N.296	Medium N.212	Large N.98	Total N.606	Small N.184	Medium N.178	Large N.74	Total N.436
All the desired goals	22.30	16.99	6.13	17.82	--	7.87	8.11	4.59
Most of the goals	27.70	33.96	28.57	30.03	41.30	53.93	37.84	45.87
Some of the goals	26.35	31.13	30.61	28.72	42.39	33.71	40.54	38.53
A few of the goals	16.22	17.92	30.61	19.14	13.03	4.49	13.51	9.63
None of the goals	7.43	--	4.08	4.29	3.26	--	--	1.38
	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

4.6.1.3. Importance of family goals :

The relative importance of family goals was analysed on the basis of the family's concept of each goal. Table 4.22 reveals the important family goals by family income. In general a majority of the urban and the rural families listed their important goals as nutritious foods, providing college education for children, saving to buy durable goods, and a family free of debts. In addition to these goals, the urban families had included providing more attractive and comfortable house while the rural families had included providing 'good clothing for family members'.

It is evident from the Table 4.22 that the importance of certain family goals differed with the size of family income. 'Nutritious food for the family' was upper most in a majority of both the urban and rural high income families. Fifty six percent of urban high income families had a quest to have 'more attractive and comfortable house' to live and it was seen in 35 percent of other rural high income families. The/important goals most frequently seen in 51 percent to 66 percent of urban high income families were 'providing college education for children' and 'good clothing for family members', 'saving to buy durable goods' and these goals were stated by a greater percent of rural high income families. 'Insurance and savings' was the goal in 47 percent of the urban

TABLE : 4.22. FAMILY GOALS & DY FAMILY INCOME\$ (Families in percent)

Goals	URBAN				URBAN				TOTAL
	HIG	MIG	LIG	TOTAL	HIG	MIG	LIG	TOTAL	
	N.248	N.182	N.176	N.606	N.62	N.176	N.198	N.436	
Nutritious food for the family	91.13	81.32	78.41	84.49	90.32	88.64	97.98	93.12	
More attractive and convenient House	55.65	70.33	48.86	58.09	35.48	38.64	39.39	38.53	
Providing college education for children	66.94	91.21	39.77	66.34	77.42	72.73	50.60	67.43	
Saving to buy durable goods	50.81	71.43	67.05	61.72	58.06	80.68	84.85	79.36	
More celebrations	5.65	12.09	2.27	6.60	6.45	Nil	--	0.92	
Home free of debt	37.90	39.56	61.36	45.21	48.39	48.86	47.47	48.17	
An adequate programme for retirement	29.84	32.97	9.09	24.75	12.90	23.86	37.37	28.44	
Providing good clothing for family members	51.61	35.16	35.23	41.91	61.29	67.05	51.52	59.17	
Insurance and savings	46.77	20.88	7.95	27.72	16.13	32.95	30.30	29.36	
More recreations for the family members	11.29	4.40	5.68	7.59	6.45	9.09	9.09	8.72	
Agriculture / Business	18.55	13.19	14.77	15.84	32.26	15.91	6.06	13.76	
Marriage of children	9.68	23.08	1.14	11.22	25.81	9.09	17.17	15.14	
Standard of living	3.23	2.20	--	1.98	3.23	3.41	1.01	2.29	

Total exceeds 100 per cent due to multiple response

high income and one third of this was in the rural high income families.

In urban middle income majority of families considered providing college education (91 percent), nutritious food for the family (81 percent) and 'saving to buy durable goods (71 percent) as important family goals and these goals were also important for the rural middle income families but in different proportion. Seventy percent of urban middle income families aspired to live in more attractive and comfortable house, whereas, 39 percent of rural middle income had this desire. 'Providing good clothing' was goal percent in 67 percent of rural middle income families whereas only 35 percent of the urban families had this desire. This may be perhaps due to the wearing out of novelty of clothing in the urban areas, who are so used to different types of clothing. Fortynine percent of the rural families considered 'family free of debt' as an important goals and this goal was seen in 40 percent of urban middle income families.

The urban low income families were conscious of nutritious food for the family (78 percent) and also, 'saving to buy durable goods' (67 Percent). In the rural low income families, the percentage of families stating these two goals was remarkably higher. 'Family free of debt' (61 percent) and more attractive

and comfortable house (49 percent) were considered as important goals and these were considered important only in 47 percent and 39 percent of families in rural areas respectively. 'Providing good clothing' seemed to be important in 52 percent of rural low income families whereas only 35 percent of urban low income families felt it as an important goal. 'An adequate programme for retirement' and 'insurance and savings' were considered important in 37 percent and 30 percent of rural families whereas less than one fifth of the urban low income families favoured this goal. The existence of compulsory programme of general provident fund and life insurance for factory workers enabled the rural families to have this goal.

Table 4.23 reveals the goals by family size. 'Nutritious food for the family' was the goal stated by 81 percent of urban small sized families whereas 93 percent of rural and small sized families had mentioned this goal. The other goals frequently seen in urban small sized families were providing college education (62 percent) and more attractive and comfortable house (59 percent). These goals were stated only in 50 percent and 32 percent of rural small sized families respectively. The quest of saving to buy durable goods, 'family free of debts' and providing 'good clothing for children' were the goals frequently found in 32 percent to 57 percent of urban small sized families whereas these

TABLE : 4.23 FAMILY GOALS AND FAMILY SIZE (Families in Per cent)

Family Goals	URBAN				RURAL			
	Small	Medium	Large	Total	Small	Medium	Large	Total
	N.296	N.312	N. 98	N.606	N.184	N.178	N.74	N.436
Nutritious food for the family	81.08	86.79	89.80	84.49	93.48	94.38	89.19	93.12
Family								
More attractive and convenient house	58.78	58.49	55.10	58.09	31.52	42.70	45.95	38.53
Providing college education to children	62.16	59.43	93.88	66.34	50.00	83.15	72.97	67.43
Saving, buy durable goods	56.76	67.92	63.27	61.72	85.87	76.40	70.27	79.36
More Celebrations	4.05	4.72	18.37	6.60	--	2.25	--	0.92
Home free of debt	44.59	48.11	40.82	45.21	73.91	28.09	32.43	48.17
An adequate programme for retirement	26.35	23.58	22.45	24.75	15.22	37.08	40.54	28.44
Providing good clothing for family members	32.43	42.45	69.39	41.91	79.35	42.70	48.65	59.17
Insurance and savings	29.73	29.25	18.37	27.72	11.96	42.70	40.54	29.36
More recreations for the family members	9.46	6.60	4.08	7.59	14.13	5.62	2.70	8.72
Agriculture/extending business	12.84	18.87	18.33	15.84	9.78	14.61	21.62	13.76
Marriage	2.70	20.75	16.33	11.22	10.87	22.47	8.11	15.14
Standard of living	2.70	0.94	2.04	1.98	5.47	--	--	2.29

Total exceeds 100 per cent due to Multiple response

goals were cherished by a majority of the rural small sized families (74 percent to 86 percent).

In the urban and rural area a majority of medium sized families considered nutritious food for the family and had given importance to this goal. The other family goals frequently seen in the urban medium sized families were 'saving to buy durable goods' (68 percent) and providing college education for children (59 percent) and these goals were considered by a majority of rural families, 76 percent and 83 percent respectively. 'More attractive and comfortable house' and 'family free of debt' were the goals considered in 59 percent and 48 percent in urban medium sized families and a lesser percent of rural medium sized had mentioned this goal. Providing good clothing for family members was considered important in 42 percent of urban and 43 percent of rural medium sized families.

A majority of urban large sized families, 94 percent gave importance for 'providing college education for children' followed by 90 percent of families nutritious food for the family and 'providing good clothing for family members' (69 percent). In rural large sized families, the important goals were nutritious food for the family (89 percent), providing college education for children (73 percent), saving to buy durable goods (70 percent) and good clothing (49 percent). More attractive and comfortable

house was the goal in 55 percent of urban and 46 percent of rural families.

4.6.2. Planning the budget :

Of the total sample selected, 57 percent of urban and 61 percent of rural families maintained financial plan. This findings agrees with the results obtained by Millar (1961), Bartow, Greey and Gross (1970) and Wyskiel (1961) in whose studies all or most of the families had financial plans.

Financial plan was more common in the urban high income (71 percent) and urban middle income (62 percent) than in the low income families (32 percent). A similar trend was observed in the rural households. However, a higher percent of rural middle and low income planned their expenditure than the urban middle and low income households. A comparatively lesser percent of low income families, planned their expenditure. This may be attributed to the prevalence of illiteracy in the lower income families and also perhaps to a fluctuating income from wages. Actually it is more important for this group to budget their money income. They need to be more conscious of their selections and determine the things which are most needed. Planned expenditures may not solve all the economic problems of a family but it is bound to help to

achieve more satisfaction than otherwise.

4.6.2.1. Type of Financial Plan :

Table 4.24 gives the type of financial plan for the money expenditure by income group. Of those who had financial plans, it was frequently mental plan among both the urban (65 percent) and rural (78 percent) families. Twentytwo percent had both written and mental plan in the urban area and these were found only in eight percent of rural families. Mental plan predominated in all the income groups living in the urban and rural areas. However, the number having mental plan increased as the income decreased.

Planning the expenditure seemed to be more frequent among the urban medium sized families (62 percent) than the small (56 percent) and large sized families (47 percent). The rural areas, middle (72 percent) and large sized (73 percent) families more frequently planned than the small sized families.

Table 4.25 reveals the type of plan for the use of money expenditure by family size. Of those who had financial plan comparatively a greater percent of rural families, regardless of size, planned their expenditure mentally. 'Written' plan existed nearly in 40 percent of urban large sized families whereas only

TABLE : 4.24 TYPE OF FINANCIAL PLANS FOR THE USE OF MONEY EXPENDITURE BY FAMILY INCOME
(Families in Per cent)

Type of Plan	URBAN			RURAL			Total	
	HIG	MIG	LIG	TOTAL	HIG	MIG		LIG
	N.176	N.112	N.56	N.344	N.44	N.144	N.100	N.288
Mental	53.41	73.21	85.71	65.12	54.55	79.17	86.00	77.78
Written	12.50	14.29	14.29	13.37	27.27	12.50	10.00	13.89
Both	34.09	12.50	--	21.51	18.18	8.33	4.00	8.33
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

TABLE : 4.25 TYPE OF FINANCIAL PLANS FOR THE USE OF MONEY EXPENDITURE BY FAMILY SIZE
(Families in per cent)

Type of Plan	URBAN				RURAL			
	Small	Medium	Large	Total	Small	Medium	Large	Total
	N.166	N.132	N.46	N.344	N.106	N.128	N.54	N.288
Mental	63.86	71.21	52.17	65.12	79.25	81.25	66.67	77.78
Written	8.43	10.61	39.13	13.37	11.32	10.94	25.93	13.89
Both	27.71	18.18	8.70	21.51	9.43	7.81	7.40	8.33
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

26 percent of rural large sized families had 'written plan'. 'Both mental and written plan' existed in slightly higher percent of families in urban small (28 percent) and medium sized families (18 percent) than the rural small (9 percent) and medium sized families (8 percent).

4.6.2.2. Reasons for planning the family budget :

Table 4.26 provides information regarding the reasons for planning the budget by family income. Irrespective of income and size, budget provides satisfaction of achieving desired goals was the reason stated by a majority of urban families, whereas, nearly one third of the rural families mentioned this reason while planning. Fifty eight per cent of the urban families planned their budget because 'budget makes the important items to stand out more sharply than less important items and enables us to live within income. This reason was followed by 'helps to save and acquire things' (52 percent). In the rural areas fortyone percent of rural families stated that budget enables them to live within income. Thirtyone to 37 percent of rural families planned their expenditure because 'budget helps to save and acquire things', prevents extravagant spending and 'provides satisfaction of achieving desired goals.

Incomewise analysis shows that a majority of urban high

TABLE : 4.26 REASONS FOR PLANNING BUDGET BY FAMILY INCOME (Families in percent)

Reasons for Planning	URBAN			RURAL		
	HIG	MIG	LIG	TOTAL HIG	MIG	IIG TOTAL
	N.176	N.112	N.56	N.344	N.44	N.144 N.100 N.288
Provides satisfaction of achieving desired goals	88.64	73.21	71.43	80.81	45.45	30.56 24.00 30.55
Budget makes the important items to stand out more sharply than less important	56.82	62.50	53.57	58.14	40.91	29.17 20.00 27.78
Helps to save and acquire things	55.68	46.43	53.57	52.33	27.27	41.67 34.00 36.81
Prevents extravagant spending and falling into unnecessary debts	29.55	25.00	21.43	26.74	40.91	30.56 36.00 34.03
Assists to pay the debts, re-establish credit at the grocery	4.55	6.07	17.86	10.47	--	4.17 4.00 3.47
Keeps away one from financial worries and anxieties	4.55	8.93	7.14	6.40	3.64	1.39 26.00 11.81
Enables to live within income	43.18	69.64	78.57	57.56	36.36	45.83 36.00 40.97
Facilitates balancing irregular income against regular expenditure	14.77	1.79	--	8.14	18.18	6.94 2.00 6.94
Balances the future and the Present wants making suitable allocations for spending and saving	13.64	4.29	7.14	2.79	3.64	4.17 -- 4.17
Record of Expenditure	14.77	7.14	3.57	10.47	9.09	6.94 -- 4.86

Total exceeds 100 per cent due to multiple response

income families planned their budget since it provides satisfaction of achieving desired goals (89 percent). In rural high income families only 45 percent of families planned for this reason. The other reasons stated by them were budget makes the important items to stand out more sharply than less important (57 percent), helps to save and acquire things (56 percent) and enables to live within income (43 percent). The corresponding figures in the rural high income were 45 percent, 41 percent and 27 percent respectively. Budget enables to live within income was the reason stated by 43 percent of urban income families and 36 percent of rural families. Fortyone percent of rural high income planned to prevent extravagant expenditure and this was stated only by 30 percent of urban high income families.

A majority of urban middle income families (73 percent) stated the reason for planning that the budget provides satisfaction of achieving desired goals, enables to live within income and the budget makes the important items to stand out more sharply than less important (63 percent). These reasons were stated by lesser percent of rural middle income families. 'Helps to save and acquire things' was the reason stated by 46 percent of urban and 42 percent of rural middle income families.

Low income families living in urban area planned their expenditure to enable to live within income (79 percent) and it provides satisfaction of achieving desired goals (71 percent). These reasons were seen in the rural households in less than half of its urban households. Budget makes the important items to stand out more sharply than less important and helps to save and acquire things were the other reasons for planning in nearly 54 percent of urban low income families and again it was less in rural low income families.

Table 4.27 reveals the reasons for budgeting by family size. A majority of urban small sized families (83 percent) reported that the 'budget provides satisfaction of achieving the desired goals' whereas 52 percent of rural small sized families planned the budget to, 'prevent extravagant spending and falling into unnecessary debts'. The other reasons commonly found in 52 percent to 58 percent of urban small sized families were the budget makes the important items to stand out more sharply than less important one and enables to live within income and helps to save and acquire things.

The other reasons for budgeting by the rural small sized families were 'enables to live within income' (45 percent) helps to save and acquire things (32 percent) provides satisfaction

TABLE : 4.27 REASONS FOR PLANNING BUDGET BY FAMILY SIZE (Families in Per cent)

Reasons for planning the budget	URBAN				RURAL			
	Small N.166	Medium N.132	Large N.46	Total N.344	Small N.106	Medium N.128	Large N.54	Total N.288
1.Provides satisfaction of achieving desired goals	83.13	80.30	73.91	80.81	32.08	23.44	44.44	30.56
2.Budget makes the important items to stand out more sharply than less important	57.83	54.55	69.57	58.14	30.19	29.69	18.52	27.78
3.Helps to save and acquire things	51.81	57.58	39.13	52.33	32.08	43.75	29.53	36.81
4.Prevents extravagant spending and falling into unnecessary debts	24.10	28.79	30.43	26.74	50.94	18.75	37.04	34.03
5.Assists to pay the debts ie.re-establish credit at the grocery	8.43	9.69	21.74	10.47	1.89	4.69	3.70	3.47
6.Keeps away one from financial worries and anxieties	6.02	7.58	4.35	5.81	3.77	18.75	11.11	11.81
7.Enables to live within income	55.42	65.15	43.48	57.56	45.28	32.81	51.85	40.97
8.Facilitates balancing irregular income against regular expenditure	3.61	6.06	30.43	8.14	1.89	12.50	3.70	6.94
9.Balances the future and the present wants, making suitable allocation for spending & saving	14.46	12.12	8.70	12.79	1.89	4.69	7.41	4.17
10.Record of expenditure	8.43	9.09	21.74	10.47	7.55	3.13	3.70	4.86

Total exceeds 100 per cent due to multiple response.

of achieving desired goals (32 percent) and budget makes the important items to stand out more sharply than less important one (30 percent).

A greater percent of urban medium sized families planned the budget for reasons such as 'budget provides satisfaction of achieving desired goals, enables to live within income, helps to save and acquire things and budget makes the important items to stand out more sharply than less important than their rural counterparts.

In large sized urban families budgeting existed because it provides satisfaction of achieving desired goals (74 percent) and makes the important items to stand out more sharply than less important one (70 percent). In rural large sized families 52 percent of families stated that the 'budget enables to live within income', followed by 'provides satisfaction of achieving desired goals' in 44 percent of families.

4.6.2.3. Frequency of planning the budget :

A majority of the urban (98 percent) and 61 percent of the rural households planned their expenditure monthly (Table 4.28). Yearly planning existed in nearly one fourth of the rural families for cereals and pulses. Incomewise analysis proved that monthly plan persisted in all the income groups in both the urban and rural

TABLE : 4.28 FREQUENCY OF PLANNING THE BUDGET BY FAMILY INCOME (Families in percent)

	URBAN				RURAL			
	HIG	MIG	LIG	TOTAL	HIG	MIG	LIG	TOTAL
	N.176	N.112	N.56	N.344	N.44	N.144	N.100	N.288
Weekly	--	--	3.58	0.58	13.64	9.72	20.00	13.89
Fortnightly	--	--	--	--	--	1.39	--	0.69
Monthly	98.86	98.21	96.42	98.26	63.64	50.00	76.00	61.11
Yearly	1.14	1.79	--	1.16	22.72	38.89	4.00	24.31
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

areas. However, the percentage of families planning monthly budget was greater in urban households than in the rural households. Nearly 40 percent of the rural middle income and 25 percent of the high income families planned their expenditure yearly. The yearly planning was meagre in the urban families.

Table 4.29 gives the frequency of planning the budget by family size. It is evident from the table that all the urban small sized families planned their expenditure whereas only 36 percent of families in rural area planned monthly. Fortyfive percent of rural small sized families planned yearly. This might be due to the owner cultivators dominating this group.

A majority of urban medium (97 percent) and large sized (96 percent) families planned their expenditure monthly and this was common in 76 percent of medium sized and 74 percent of large sized families in the rural area.

4.6.2.4. Specificity of the Plan :

The planning were specific in quantities and qualities in 82 percent of the urban and 73 percent of the rural households. General budget which provides only broad outline was prevalent among 27 percent of the rural and 18 percent of the urban households.

The specific plan increased as the family income increased from 75 percent in the low income families to 86 percent in the high income families in the urban area whereas in the rural area the income influence was opposite. General plan was made by only 14 percent of urban high income families and these were high in rural high income families (36 percent). Twenty one percent of middle income and 25 percent of low income families of urban area planned generally and the rural area it was slightly higher.

According to family size, a higher percent of urban small and medium sized families planned specifically. But among rural families these were less. More or less the same percent of rural and urban large sized families had specific plan.

Table 4.30 and 4.3a gives the satisfaction derived from the money expenditure. The budget was satisfactory in 43 percent of urban families whereas it was successful only in 23 percent of rural families. The budget 'somewhat successful' in 48 percent of urban and 52 percent of rural families. One fourth of the rural families was 'not at all' satisfied with their budget.

As the family income increased the satisfaction regarding money expenditure also increased both in the urban and rural families. The percentage of families increased from 21 percent to 51 percent of families in the urban and it was from 12 percent

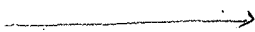
TABLE : 4.30 SATISFACTION DERIVED FROM MONEY EXPENDITURE BY FAMILY INCOME
(Families in percent)

[illegible]

to 32 percent of families in the rural areas.

Fortyfour percent of urban high income families were satisfied 'somewhat only' and the corresponding figure was 59 percent in the rural high income families. Not much variation was observed in the middle and low income families of the urban and rural families.

Twentynine percent of urban and 40 percent of rural low income families were not at all satisfied regarding their expenditure.

Table 4.31  represents the satisfaction from their money expenditure by family size. A greater percent of urban families at all family sizes were very much satisfied than their counterparts in their rural areas.

Almost the same percent of urban and rural small sized families were 'some what satisfied'. A greater percent of rural medium sized and large sized families were 'somewhat' satisfied than the urban counterparts. Twentysix percent of the urban large sized families were 'not at all' satisfied from their money expenditure and these were found to be less in the other family sizes. However, one fifth of the small, one fourth of the medium and one third of the large sized families were 'not at all' satisfied in the rural areas.

4.6.2.5 Failure of the budget :

Table 4.32 gives the reason for the failure of the budget and family income. In the case of failure of the planned expenditure, the urban families stated that the failure was due to 'income not enough' (47 percent) and 'unexpected expenditure' (41 percent) and the rural families, the corresponding figure was (36 percent) and (44 percent) respectively.

In cent percent of the urban and the rural high income families, the budget failure was due to unexpected expenditure. Sixty percent of the urban middle income families also stated the same reason for the failure of the budget. However, rural middle income families (36 percent) stated, 'income not enough' and 'unexpected expenditure' and sudden decrease in the family income (29 percent).

The budget failure in the (88 percent) urban low income families was mainly due to 'income not enough' and in the rural low income families the failure was due to 'income not enough' and 'unexpected expenditure' in 40 percent and 45 percent of families respectively.

Table 4.33 explains the reasons for failure by family size. The failure of budget was due to 'income not enough' (60 percent) in urban small sized families whereas their counter-

TABLE : 4.32 REASONS FOR THE FAILURE OF THE BUDGET BY FAMILY INCOME (Families in Percent)

[illegible]

parts in rural areas stated 'unexpected expenditure' (64 percent). In one third of the urban medium sized families, the failure was due to 'income not enough', 'unexpected expenditure' and 'sudden decrease' in the family income. In 56 percent of the rural medium sized families the failure was only by unexpected expenditure and in 31 percent of families, it was due to sudden decrease in the family income.

The large sized urban families stated that the failure was due to inadequate income and unexpected expenditure in 50 percent of the families, whereas in the rural families the failure was solely due to inadequate income.

4.6.2.5. Members planning the budget :

Table 4.34 shows members who make the financial plan by the family income. Financial plan was carried out by husband and wife in 37 percent of urban families whereas husband alone seemed to dominate the financial plan in the rural areas. Thirtytwo percent of 'husband' alone and 27 percent of 'wife' alone made financial plan in the urban areas whereas 'husband and wife' planned in 24 percent of rural families.

Family income plays a significant role in the members making the financial plan. 'Husband' alone making the financial plan increased as the family income decreased both in the urban

TABLE : 4.34 MEMBERS WHO MAKE FINANCIAL PLAN BY FAMILY INCOME (Families in Per cent)

MEMBERS	URBAN				RURAL			
	HIG	MIG	LIG	TOTAL	HIG	MIG	LIG	TOTAL
	N.176	N.112	N.56	N.344	N.44	N.144	N.100	N.288
1. Husband	22.73	41.07	42.86	31.98	40.90	61.10	72.00	61.81
2. Wife	34.09	19.64	21.43	27.33	4.55	13.90	12.00	11.81
3. Husband and wife	37.50	37.50	32.14	36.63	50.00	22.22	16.00	24.30
4. Parents and Parents-in-law	3.41	1.79	--	2.33	--	--	--	--
5. All family members	2.27	--	3.57	1.73	4.55	2.78	--	2.08
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

and the rural areas. However in a greater percent of rural families, 'husband' alone dominated planning the income.

Joint participation by the 'husband and wife' in financial plan was more typical of urban high income families (38 percent). 'Wife alone' in 34 percent of families and 'husband' alone in 23 percent of families also made financial plans.

In the rural high income families financial plan was dominated by a greater percent of 'husband and wife' (50 percent) and 'husband' alone (41 percent) than the urban high income families. However, it is heartening to know that 'wife' alone was not allowed to make financial plan in the rural high income families. This may be ascribed to the authoritative characteristics of the rural head of the family. In the urban middle and low income families 'husband' alone was the authority to make the financial plan in 41 percent and 43 percent of families respectively. These were higher in the rural middle (61 percent) and low income (72 percent) groups. Financial planning was done exclusively by the 'wife' alone in 20 percent of middle income and 21 percent of low income families in the urban area and lesser percent in rural middle income (14 percent) and low income families (12 percent).

Table 4.35 reveals the members who made the plan and family size. Joint participation of 'husband and wife' in 41

TABLE : 4.35 MEMBERS WHO MAKE FINANCIAL PLAN AND FAMILY SIZE (Families in percent)

Members	URBAN			RURAL				
	Small N.166	Medium N.132	Large N.46	Total N.344	Small N.106	Medium N.128	Large N.54	Total N.288
1. Husband	21.69	46.97	26.09	31.98	67.92	64.06	44.44	61.81
2. Wife	34.94	15.15	34.78	27.33	7.55	14.06	14.82	11.81
3. Husband and wife	40.96	31.82	30.43	36.63	22.64	18.75	40.74	24.31
4. Parents and Parents- in-law	2.41	3.03	4.35	2.33	--	--	--	--
5. All family members	--	3.03	4.35	1.73	1.89	3.13	--	2.07
	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

percent followed by 'wife' in 35 percent was common in the urban small sized families. In the rural households greater percent of 'husband' alone (68 percent) and less than one fourth of 'husband and wife' planned their expenditure.

In the medium sized urban families, 'husband' alone had the privilege to make financial plan in 47 percent of families. Joint participation of husband and wife also was common in 32 percent of families. In a majority of the rural medium sized families, 'husband alone' made the financial plan and nearly in one fifth of the families, both the 'husband and wife' planned together. 'Wife alone' planned in lesser percent of both the urban and the rural families.

In the urban large sized families, 'wife' made financial plan in 35 percent of families followed by the joint participation of the 'husband and wife' in 30 percent of the families. Husband made the plan in 26 percent of families. In fortyfour percent of the rural large sized families 'husband alone' planned the money, followed by 41 percent of families, where 'husband and wife' shared the responsibility of planning.

4.6.2.7 Methods of handling money :

The methods of handling money by family income as

practised by the families is seen in the data summarized in Table 4.36. The family finance method was adopted in the majority of the urban (76 percent) and the rural families (61 percent). The allowance method was less frequently adopted in nearly one fifth of the urban families and one third of the rural families. The 'hand out or doling method' was adopted by relatively few families in the urban (5 percent) and the rural (6 percent) families. None of the selected families practiced fifty-fifty system.

Family income seemed to influence the methods of handling money. A majority of the urban high income (83 percent) and the rural high income (82 percent) adopted the family finance method. As the family income decreased, adoption of this method also decreased. The decrease was from 83 percent of high income families to 61 percent of low income families in the urban sector and from 82 percent of high income families to 58 percent of low income families in the rural sector.

The percentage of families adopting the allowance method, although was less it increased as family income decreased in both the urban and the rural families.

As per the family size, majority of large sized families practised the family finance plan. It was not so in the case of

TABLE : 4.36 METHODS OF HANDLING MONEY BY FAMILY INCOME (Families in percent)

Methods of handling money	URBAN				RURAL			
	HIG	MIG	LIG	TOTAL	HIG	MIG	LIG	TOTAL
	N.176	N.112	N.56	N.344	N.44	N.144	N.100	N.288
1. The family finance plan	82.95	71.43	60.71	75.58	81.82	56.94	58.00	61.11
2. The allowance method	12.50	23.21	28.58	18.60	18.18	34.73	35.00	32.64
3. The equal salary method	--	3.57	--	1.16	--	--	--	--
4. The handout or doing out method	4.55	1.79	10.71	4.66	--	8.33	5.00	6.25
5. Fifty fifty system	--	--	--	--	--	--	--	--
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

the medium and small families in both the urban and the rural areas. At all family size, rural families were more familiar with the allowance method than their urban counterparts (Table 4.37).

4.6.2.8. Reasons for not planning the budget :

Table 4.38 represents the reason for not planning the expenditure by family income. Fiftysix percent of urban families and 50 percent of rural families stated that income goes for necessities only. High income and 'income is low' were the reasons in one fifth of the urban families and income is low in the 23 percent rural families.

The reasons for not keeping budget differed by income of the family. Fiftythree percent of urban high income families did not keep a budget due to high income, whereas the majority of rural high income (56 percent) felt that 'budget takes the joy out of life'. 'keeping a budget is difficult' also was stated by one fifth of the urban and one third of the rural high income families.

A majority of urban middle income families (69 percent) stated that the increase income goes for necessities only. Similar trend was observed in rural middle income also (63 percent). One fifth of the urban middle income families felt 'Keeping a budget is difficult' whereas only six percent of rural families agreed to it.

TABLE : 4.37 METHODS OF HANDLING MONEY BY FAMILY SIZE

Method of handling money	URBAN				RURAL			
	Small N.156	Medium N.132	Large N.46	Total N.344	Small N.106	Medium N.128	Large N.54	Total N.288
1. The family finance method	73.31	69.70	82.61	75.58	56.60	59.30	74.08	61.11
2. The allowance method	16.87	22.73	13.04	18.60	35.85	34.38	22.22	32.54
3. The equal salary method	1.20	1.52	--	1.16	--	--	--	--
4. The hand out or doing out method	3.62	6.05	4.35	4.66	7.55	6.24	3.70	6.25
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

TABLE : 4.38 REASONS FOR NOT PLANNING BUDGET BY FAMILY INCOME (Families in Percent)

REASONS	URBAN				RURAL			
	HIG	MIG	LIG	TOTAL	HIG	MIG	LIG	TOTAL
	N.72	N.70	N.120	N.262	N.18	N.32	N.98	N.148
1. Income goes for necessities only	19.22	68.57	70.00	55.73	--	62.50	55.10	50.00
2. Budget may cause quarrels	5.56	5.71	--	3.05	11.11	--	10.20	8.11
3. Planning a budget is difficult	22.22	20.00	5.00	13.74	33.33	6.25	20.41	18.92
4. Budgets are not needed by economic persons	2.78	8.57	--	3.05	11.11	--	4.08	4.05
5. Budget reserves are not adequate for emergencies	--	--	5.00	3.29	--	--	2.04	1.35
6. No co-operation among family members	2.78	--	--	0.76	--	--	--	--
7. Income is low	5.56	11.43	36.67	21.37	--	12.50	30.61	22.97
8. Budget takes the joy out of life	2.78	5.71	--	2.29	55.56	6.25	16.33	18.92
9. High Income	52.78	11.43	10.00	22.14	11.11	--	--	1.55
10. Record of Expenditure	22.22	--	8.33	9.92	11.11	12.50	--	4.05

Percentage exceeds 100 due to multiple response

A majority of urban low income families (70 percent) and only 55 percent of rural low income families felt that income goes for necessities only. The other reason stated by them were 'income is low' (37 percent of urban and 31 percent of rural). Keeping a budget is difficult was the reason stated by 20 percent of rural low income families and this reason was less frequent in urban low income families.

Table 4.39 shows the reasons for not planning budget by family size. More or less the same percent of small families living in the urban (57 percent) and the rural (56 percent) area were not keeping budget since the income goes for necessity only. Twentytwo percent of urban small families were not planning due to 'high income' whereas only three percent of rural families agreed to it.

'Income goes for necessity only' was the reason for not planning budget in 58 percent of urban medium size families and only 32 percent of rural medium size families stated this reason. Twentythree percent of urban medium stated 'high income' as the reason for not budgeting and none of the families in rural area stated this reason. One third of the urban medium sized families and 28 percent of rural medium sized families were not planning due to low income. 'Budget takes the joy out of life' was the

TABLE : 4.39 REASONS FOR NOT PLANNING BUDGET BY FAMILY SIZE (Families in percent)

REASONS	URBAN				RURAL			
	Small N.130	Medium N.80	Large N.52	Total N.262	Small N.78	Medium N.50	Large N.20	Total N.148
1. Income goes for necessity only	56.92	57.50	50.00	55.73	56.41	32.00	70.00	50.00
2. Budget may cause quarrels	4.62	--	3.85	3.05	2.56	--	50.00	8.11
3. Planning a budget is difficult	10.77	12.50	23.08	13.74	20.51	16.00	20.00	18.92
4. Budgets are not needed by economic persons	4.62	2.50	--	3.05	2.56	--	20.00	4.05
5. Budget reserves are not adequate for emergencies	3.08	2.50	--	2.29	2.56	--	--	1.35
6. No cooperation among family members	1.54	--	--	0.76	--	--	--	--
7. Income is low	16.92	32.50	15.38	21.37	20.56	28.00	20.00	22.97
8. Budget takes the joy out of life	1.54	--	7.69	2.29	7.69	32.00	30.00	18.92
9. High Income	21.54	22.50	23.08	22.14	2.56	--	--	1.35
10. Record of expenditure	4.62	22.50	3.85	9.92	2.56	8.00	--	4.05

Total exceeds 100 percent due to multiple response.

reason in 32 percent of rural medium sized families and none of the urban medium sized agreed to this reason for not planning budget.

Half of the urban large sized families stated that 'income goes for necessity only' and 23 percent of families gave the reason that 'keeping a budget is difficult' and also 'high income'. In rural area large sized families had not kept budget due to 'income goes for necessity only' in 70 percent of families, 'budget may cause quarrels' in half of the sample and the 'budget takes the joy out of life' in 30 percent of families.

4.7. DECISION MAKING PRACTICES

4.7.1. Decision making practices relating to the items of expenditure

Decision-making is the crux of management (Gross and Crandall, 1975). The money management practices entirely depend upon how the decisions are made at each step and who makes the decision.

Table 4.40 shows distribution of households according to their decision-making practice related to the items of expenditure by the family income. For food expenditure the 'wife' usually made the decisions in 44 percent of urban families

DECISION MAKING PRACTICES BY INCOME CLASS - (FAMILIES IN PERCENT)

Items of Expenditure	U R B A N				R U R A L			
	HIS N-176	MIG N-112	LIG N-56	TOTAL N-344	HIG N-44	MIG N-144	LIG N-100	TOTAL N-280
	Husband Wife All family Parents Parent-in-laws	Husband Wife All family Parents Parent-in-laws	Husband Wife All family Parents Parent-in-laws	Husband Wife All family Parents Parent-in-laws	Husband Wife All family Parents Parent-in-laws	Husband Wife All family Parents Parent-in-laws	Husband Wife All family Parents Parent-in-laws	Husband Wife All family Parents Parent-in-laws
FOOD	6.82 54.55 31.82 3.40 3.41	37.50 32.14 30.36	10.71 35.71 50.00 3.57	17.44 44.19 34.30 2.33 1.74	22.73 40.91 36.36	19.44 33.33 41.67 4.17 1.39	34.00 34.00 30.00 2.00	25.00 34.72 38.81 2.78 0.89
HOUSING	37.50 14.77 42.05 2.27 3.41	57.14 14.29 28.57	42.86 25.00 32.14	44.77 16.28 36.05 1.16 1.74	59.09 9.09 31.82	41.67 13.89 40.25 4.17	48.00 30.00 30.00 2.00	46.33 15.28 35.42 2.78
HOUSE KEEPING	9.09 52.27 32.96 2.29 3.41	32.14 32.14 35.71	14.26 42.86 42.86	17.44 44.19 35.47 1.16 1.74	22.73 36.36 40.91	25.00 27.78 41.67 4.17 1.39	34.00 34.00 30.00 2.00	27.08 31.25 38.19 2.78 0.89
CLOTHING	19.32 12.50 49.86 17.05 2.27	46.43 14.29 32.14 7.14	9.86 17.86 53.57 10.71	27.91 13.95 44.19 12.79 1.16	63.64 9.09 27.27	55.56 9.72 29.17 5.56	62.00 12.00 28.00	39.03 10.42 27.78 2.78
TRANSPORT	26.14 6.82 55.68 9.09 2.27	51.79 12.50 32.14	46.42 7.14 42.86 3.58	37.79 8.72 47.09 5.29 1.16	67.27 4.55 16.18	62.50 9.72 22.22 5.56	70.00 14.00 14.00 2.00	67.56 10.42 18.75 3.47
FURNISHINGS & EQUIPMENTS	21.59 12.50 54.55 9.09 2.27	48.29 17.86 32.14 1.71	35.72 10.71 50.00 3.57	32.56 13.95 46.51 5.81 1.16	63.64 4.55 31.82	65.28 11.11 19.44 4.17	70.00 14.00 14.00 2.00	58.67 11.11 19.44 2.78
PERSONAL CARE	26.14 7.95 48.86 14.77 2.27	46.43 17.86 32.14 3.57	42.86 10.71 32.10 14.29	35.47 11.63 40.70 11.05 1.16	58.18 4.55 16.18 4.55	63.83 9.72 18.06 8.33	70.00 14.00 14.00 2.00	58.57 10.42 16.67 5.56 0.89
RECREATION	19.32 9.09 54.55 14.77 2.27	46.43 16.07 33.93 3.57	46.43 7.14 35.71 10.71	32.56 11.63 44.19 10.47 1.16	58.18 4.55 22.73	65.28 9.72 16.67 8.33	72.00 14.00 8.00 6.00	68.06 10.42 14.56 8.25 0.89
EDUCATION	23.86 6.82 52.50 4.55 2.27	48.29 7.14 42.86 3.57	50.00 10.71 39.29	34.88 7.56 53.49 2.91 1.16	63.64 9.09 18.18 4.50	66.67 9.72 19.44 4.17	74.00 14.00 10.00 2.00	68.73 11.11 15.97 3.47 0.89
HEALTH CARE	18.18 7.95 62.50 7.95 3.42	44.64 12.50 41.15 1.71	25.00 10.71 60.71 3.58	27.91 9.88 55.23 5.23 1.74	58.18 9.09 18.18 4.50	56.33 9.72 25.00 6.94	72.00 14.00 12.00 2.00	64.58 11.11 19.44 4.86
SAFETY & CONTRIBUTIONS	18.18 6.82 63.64 4.55 6.82	48.29 17.86 32.14 1.71	46.43 10.71 42.86	31.98 11.05 50.00 2.91 4.07	63.64 9.09 18.18 4.50	69.44 9.72 18.06 2.78	70.00 14.00 10.00 6.00	68.73 11.11 15.28 4.86
SAVINGS	22.73 9.09 56.82 9.09 2.27	57.14 16.07 25.08 1.71	46.43 10.71 42.86	37.79 11.63 44.19 5.23 1.74	54.55 4.55 27.27	65.28 11.11 9.72 5.56 1.39	70.00 14.00 10.00 6.00	72.22 11.11 12.50 4.86 0.89
FEEDS	11.36 5.68 22.73 4.55 1.14	42.86 10.71 16.07 1.71	46.43 25.00 28.57	27.33 10.47 21.51 2.91 1.16	64.55 4.55 18.18	65.28 11.11 9.72 11.11 2.78	78.00 8.00 10.00 2.00	74.58 11.11 12.50 4.86 0.89

followed by 'husband and wife' in 34 percent of families whereas in rural areas 'husband and wife' decided in 37 percent of families, followed by 'wife' alone in 35 percent of families.

Housing expenditure was usually decided by the husband (45 percent) and in 36 percent of families husband decided with the help of the wife in the urban areas. Similar trend was observed in the rural area also.

Decisions regarding house keeping expenses were most often made by the wife (44 percent) and joint participation of 'husband and wife' was also evident in 35 percent of families. In rural households, 'husband and wife' alone was allowed to decide in 31 percent of families. 'Husband' also decided house-keeping expenses in 27 percent of families and this attitude was comparatively lesser in the urban households (17 percent).

In urban households expenditure pertaining to health, education, gifts and contributions, savings, clothing, transport, furnishings and equipment, personal care, and recreation were taken jointly by the 'husband and wife' in 41 percent to 55 percent households, followed by husband in 28 percent to 38 percent of families. In the rural areas, the decision on the above items were dominantly made by 'husband' alone in 65 to 69 percent of

the rural families. All the families did not borrow money. Of those who had family debts, 'husband' seemed to decide both in the rural and in the urban areas.

The results showed that the urban women were playing a key role in the decision-making practices and thus a higher status was given in the family circle. On the contrary rural women were not recognised in family circle very much in deciding the financial matters.

Analysing the decision-making practices by family income revealed that in the urban high income families, 'wife' alone decided food expenditure in 55 percent of families and consulted their husband in 32 percent of families.

Similar tendency was seen among the rural families regarding food expenditure. In fortyone percent of families, wife decided the food expenditure followed by joint participation of husband and wife in 36 percent of families.

Housing was decided by 'husband and wife' in 42 percent of urban high income families and 'husband' alone dominated deciding in 38 percent of families. The housekeeping expenditure was solely decided by 'wife' in 52 percent of urban families and the next frequency of decision was made by 'husband and wife'

(33 percent). In rural high income families 'wife' consulted her husband in deciding housekeeping expenditure in 41 percent families and solely decided in 36 percent of families.

Regarding the remaining expenditure, 'wife' shared the responsibility of deciding the financial matters with her husband in 49 percent of families to 64 percent of families in the urban high income families. For the same expenditure, in rural families 'husband' alone assumed the responsibilities in 55 percent to 88 percent of families.

Regarding urban middle income group, 'husband' alone frequently settled financial matters in all the items of expenditure except in housekeeping expenses. The percentage of families ranged from 38 percent to 57 percent. The next frequent of decision makers seemed to be 'husband and wife' in 16 percent to 43 percent of families.

In rural middle income families, husband and wife jointly decided the food expenditure in 42 percent of families. Wife alone decided in 33 percent of families. Expenditure on housing was most frequently decided by husbands in 42 percent of families and wife also shared the responsibility of deciding with her husband in 40 percent of families. The housekeeping expenditure was jointly made by the husband and wife (42 percent).

For the remaining items of expenditure, similar to the urban middle income, in the rural middle income families also the dominant role of the husbands in making decisions were seen at a higher percent.

In the urban low income families, regarding food, 'husband and wife' assumed the role of decision making in half of the sample 'wife alone' was allowed to decide the food expenditure in 36 percent of families. In the rural low income families, a definite pattern was not seen. Husband alone or wife alone in each 34 percent of families decided the food expenditure. 'Husband and wife' seemed to consult in 30 percent of families in making decisions. Decisions made by the husbands were found most frequently in the case of housing expenses both in the urban (43 percent) and in the rural (48 percent) low income families.

Decisions concerning housekeeping expenses, were made by wife in 43 percent of families and in another 43 percent wife seemed to consult her husband in deciding the expenditure in the urban low income families. However, not much difference was observed in the decision makers regarding housekeeping. Wife alone decided in 34 percent of families followed by husband alone in 32 percent and husband and wife in 32 percent of rural low income families.

Clothing expenses and furnishings and equipment were decided by 'husband and wife' in 54 percent and 50 percent of urban low income families respectively. Wife seemed to be given more recognition at high income level and it decreased as the family income decreased and husband seemed to assume the responsibility more frequently in the financial matters.

Table 4.41 reveals the decision making practices by family size. Decisions concerning food were made by wife alone or consulting with her husband in all the three sizes of family both in the urban and in the rural areas. However, a greater percent of urban housewife dominated in deciding food expenditure than their counterparts in the rural areas.

With regard to housing, the husband's role in making decision dominated in all the families regardless of size, urban or rural area. This role of the husbands increased as the family size increased from 42 percent for small sized families to 52 percent for large sized families in the urban sector, and from 45 percent of small, to 52 percent large sized families in the rural area.

Expenditure pertaining to housekeeping was usually made by wife or wife sharing the decision with her husband both in the urban and rural area in all family sizes. However, slightly

TABLE 3-41 DECISION MAKING PRACTICES BY FAMILY SIZE

ITEMS OF EXPENDITURE	SMALL N=166					MEDIUM N=132					LARGE N=46					SMALL N=106					MEDIUM N=128					LARGE N=52				
	Husband	Wife	Husband & Wife	All family members	Parents & Parent-in-laws	Husband	Wife	Husband & Wife	All family members	Parents & Parent-in-laws	Husband	Wife	Husband & Wife	All family members	Parents & Parent-in-laws	Husband	Wife	Husband & Wife	All family members	Parents & Parent-in-laws	Husband	Wife	Husband & Wife	All family members	Parents & Parent-in-laws					
FOOD	14.46	42.17	43.37	-	-	21.21	43.94	28.79	3.03	3.03	17.39	52.17	17.39	8.70	4.35	32.08	28.30	35.85	3.77	-	18.75	39.06	37.50	3.13	1.56	25.93	37.04	37.04	-	
HOUSING	42.17	21.69	36.14	-	-	46.97	9.09	39.39	1.52	3.03	52.17	17.39	21.74	4.35	4.35	45.28	13.21	37.74	3.77	-	43.75	15.63	37.50	3.13	-	51.85	37.04	11.11	-	
HOUSE KEEPING	16.87	39.55	44.58	-	-	16.67	46.97	25.76	1.52	3.03	21.74	43.48	26.09	4.35	4.35	32.08	26.42	37.74	3.77	-	20.31	32.81	42.19	3.13	1.56	29.63	40.74	44.44	-	
CLOTHING	21.69	19.28	15.81	7.23	-	34.85	6.06	31.82	12.12	1.52	30.43	17.39	26.09	21.74	4.35	66.04	5.66	22.64	5.66	-	54.69	10.94	32.81	1.56	-	48.15	22.22	29.63	-	
TRANSPORT	32.53	11.84	53.01	2.42	-	40.92	11.24	40.94	6.36	1.54	43.48	8.70	26.09	13.04	4.35	75.47	7.55	13.21	3.77	-	64.08	10.94	20.31	4.69	-	59.26	14.81	25.93	-	
FURNISHING & EQUIPMENT	25.70	20.48	49.41	4.41	-	40.91	7.58	42.42	6.06	1.52	34.78	8.70	34.78	17.39	4.35	75.47	7.55	13.21	3.77	-	67.19	10.94	20.31	1.56	-	51.85	18.32	29.63	-	
PERSONAL CARE	31.53	16.87	45.78	6.02	-	42.42	16.67	37.88	15.15	1.52	43.48	8.70	26.09	17.39	4.35	75.47	7.55	9.43	7.55	-	65.63	10.94	18.75	4.69	-	51.85	14.81	29.63	3.70	
RECREATION	22.89	18.07	53.01	4.82	-	36.36	3.03	37.88	3.03	1.52	47.83	8.70	21.74	17.39	4.35	81.13	7.55	3.77	7.55	-	65.63	10.94	17.19	6.25	-	48.15	14.81	29.63	7.41	
EDUCATION	25.30	10.84	59.04	1.20	-	43.94	1.52	48.48	3.03	1.52	39.13	13.04	34.78	8.70	4.35	81.13	7.55	7.55	3.77	-	68.75	6.25	6.23	3.13	-	48.15	18.32	29.63	3.70	
HEALTH	19.28	15.66	54.22	2.41	-	36.36	1.52	53.03	6.06	1.52	34.78	13.04	30.43	13.04	8.70	75.47	7.55	11.32	5.66	-	60.94	10.94	21.88	6.25	-	44.44	18.32	29.63	7.41	
GIFTS & CONTRIBUTION	25.30	14.46	59.04	2.41	-	39.39	6.06	45.45	6.06	6.06	34.78	13.04	34.78	13.04	13.04	79.25	7.55	7.55	5.66	-	67.19	10.94	17.19	4.69	-	51.85	18.32	25.93	3.70	
SAVINGS	34.94	4.46	50.60	1.20	-	39.39	6.06	42.42	7.58	1.52	43.48	43.48	21.74	13.04	4.35	77.36	11.32	5.66	5.66	-	71.88	10.94	14.06	3.13	-	52.96	14.81	14.81	7.41	
DEBTS	24.10	12.05	21.69	-	-	36.36	7.58	19.70	1.52	-	13.04	4.35	26.09	17.39	8.70	77.36	5.66	3.77	3.77	-	70.31	9.58	12.50	1.56	-	52.96	11.11	22.22	3.70	

greater percent of husbands decided this item in the rural families than in the urban. With regard to other items of expenditure, joint participation of husband and wife was common among the urban small size families. In the urban medium sized families, expenditure such as clothing, transport, furnishings and equipment, personal care and recreation were decided by 'husband alone' or 'husband and wife' in more or less the same percent of families. In the remaining items of expenditure, joint participation was found to be greater, followed by husband alone deciding the financial matters. In large sized urban families, furnishings and equipment and gifts and contributions were the two items where equal percentage of husband and husband and wife decided the financial aspect.

In the rural households, the other items of expenditure were mostly decided by husband alone in all the family sizes. However, in majority of small size households, husbands had more authority in deciding than in the medium and large sized families.

4.7.2. Steps in decision-making practices :

In good decision-making, seeking alternatives, thinking through the alternatives and selecting one are the three important steps. The number of alternatives sought by the families surveyed when they were about to spend money is given in Table 4.42.

TABLE : 4.42 FREQUENCY OF SEEKING ALTERNATIVES WHILE MAKING DECISION FOR THE USE OF
MONEY BY INCOME (Families in percent)

ALTERNATIVES	URBAN				RURAL			
	HIG	MIG	LIG	TOTAL	HIG	MIG	LIG	TOTAL
	N.176	N.112	N.56	N.344	N.44	N.144	N.100	N.288
Many	51.14	76.79	57.14	60.47	59.09	62.50	58.00	60.42
Some	34.09	12.50	25.00	25.58	40.91	30.55	36.00	34.03
Few	9.09	7.14	7.14	8.14	--	6.95	4.00	4.86
None	5.68	3.57	10.72	5.81	--	--	2.00	0.69
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Generally majority (60 percent) of the urban and the rural families sought many alternative uses of money while making decision. Twentysix percent of the urban families and slightly a greater percent of the rural households (34 percent) sought through some alternatives only.

In relation to income, it is evident from the table that the 51 percent of urban high income families sought many alternatives whereas in the rural high income families it was 59 percent.

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Seventy/percent of urban middle income and 63 percent of rural middle income families sought many alternatives. Almost the same percent of urban (57 percent) and rural (58 percent) low income families sought many alternatives.

Seeking some alternatives was common in a greater percent of rural families at all income levels.

Thus a larger percentage of middle income families sought through many alternatives than the high and low income families. These differences may be assigned to the fact that the high income families have more money and need not search for many alternatives whereas the low income families have lesser possibilities to search for because of the restrictions of a low income. Moreover such families may be concerned only with the necessities of life and are therefore familiar with only a few goods.

TABLE : 4.43 SEEKING ALTERNATIVES WHILE MAKING DECISION FOR THE USE OF MONEY BY FAMILY
SIZE (Families in per cent)

Alternatives	URBAN				RURAL			
	Small N.166	Medium N.132	Large N. 46	Total N.344	Small N.106	Medium N.128	Large N.54	Total N.288
Many	61.45	57.57	65.22	60.47	62.26	59.38	59.26	60.42
Some	22.89	34.85	8.70	25.58	33.96	32.81	37.04	34.03
Few	10.84	4.55	8.70	8.14	3.78	6.25	3.70	4.86
None	4.82	3.03	17.38	5.81	--	1.56	--	0.69
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Table 4.43 reveals the families seeking number of alternatives while making decisions by family size. More or less the same percent of small sized families in the urban (61 percent) and rural (62 percent) areas and 58 and 59 percent of urban and rural medium sized families respectively, sought many alternatives. When compared large sized families, 65 percent of urban searched for many alternatives while their rural counterparts numbered 59 percent in this regard.

'Seeking some alternatives' was common in 23 percent of small sized urban families and 34 percent rural families. There was not much difference in the families seeking some alternatives in the urban and rural medium sized families. With regard to large sized families, 37 percent of rural families were seeking alternatives while only nine percent in the urban families sought so.

Table 4.44 presents information on how frequently the families thought through each alternative to its logical consequences. Sixty percent of the urban and the rural families always thought of the probable results of each alternative before selecting one. Nearly one fourth of the urban and nearly one fifth of the rural often thought through the consequences. This step in decision making was however neglected by five percent of

TABLE : 4.44 FREQUENCY OF THINKING THROUGH THE CONSEQUENCES OF EACH ALTERNATIVES BY
FAMILY INCOME (Families in per cent)

FREQUENCY	URBAN				RURAL			
	HIG	MIG	LIG	TOTAL	HIG	MIG	LIG	TOTAL
	N.176	N.112	N.56	N.344	N.44	N.144	N.100	N.288
Always	52.28	73.21	57.14	59.88	63.64	62.50	54.00	59.73
Often	27.27	17.86	21.44	23.26	18.18	15.28	26.00	19.44
Sometimes	14.77	7.14	10.71	11.63	18.18	20.83	18.00	19.44
Never	5.68	1.79	10.71	5.23	--	1.39	2.00	1.39
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

the urban families and one percent of the rural families. This negligence may be attributed to difficulties in foreseeing the probable consequences.

The urban high income families, fiftytwo percent, 'always' considered the consequences of each alternatives while the figure for the rural high income was greater at 64 percent. Twentyseven percent of the urban high income families often considered the consequences and 15 percent only 'sometimes' whereas 18 percent of the rural counterparts considered the consequences either 'often' or 'sometimes'. Six percent of the urban high income neglected this step while none of the rural high income neglected this step.

The urban middle income families nearly three fourth 'always' thought the consequences of each alternatives while 63 percent of rural middle income considered it. The families considering the consequences 'often', 'sometimes' were 18 percent and seven percent respectively. In the rural areas 15 percent of the families often considered and 21 percent only sometimes thought consequences.

With regard to urban low income families 57 percent considered the consequences while 54 percent did so in the rural area. A slightly higher percent of rural low income families thought through the consequences 'often' and 'sometimes' more than

their urban counterparts.

Table 4.45 gives the frequency of families thinking through the consequences of each alternative by family size. Sixty percent of urban small sized families always considered the consequences whereas 66 percent followed this in the rural small sized families. Nearly 20 percent and 16 percent of urban small families considered the consequences 'often' and 'sometimes' respectively. Whereas in rural small sized families nine percent often considered the consequences and one fourth of the families only 'sometimes' considered it.

More or less the same percent of urban medium (59 percent) and rural medium sized (58 percent) families 'always' analysed the consequences of each alternatives. Thirty two percent of urban medium and lesser per cent of rural medium sized families (21 percent) 'often' considered the consequences.

Sixtyone percent of urban large sized families consciously thought through the consequences and this seemed to be lesser in large sized rural families (52 percent). Thirteen percent of urban large sized families often thought of the consequences and these were high in the rural families (37 percent).

The third step in decision making is selecting one of

TABLE : 4.45 FREQUENCY OF THINKING THROUGH THE CONSEQUENCES OF EACH ALTERNATIVES BY FAMILY SIZE (Families in per cent).

FREQUENCY	URBAN				RURAL			
	Small N.166	Medium N.132	Large N.46	Total N.344	Small N.106	Medium N.128	Large N.54	Total N.288
Always	60.24	59.08	60.87	59.88	66.04	57.81	51.85	59.73
Often	19.28	31.82	13.04	23.26	9.43	20.31	37.04	19.44
Sometimes	15.66	7.58	8.70	11.63	24.53	18.75	11.11	20.14
Never	4.82	1.52	17.39	5.23	--	3.13	--	0.69
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

the alternatives. Majority of urban (89 percent) and rural (98 percent) families said that after seeking the alternatives, they proceeded to choose one of the alternatives. At all income levels a majority of the urban and the rural families selected one. However, the percentage was higher in the rural families (97 percent to 100 percent) than in the urban families (86 percent to 92 percent). At all family sizes, greater percent of rural families (95 percent to 100 percent) proceeded to select one while 91 percent to 95 percent of the urban did so.

4.8. CONTROLLING THE PLAN

4.8.1. Mental checking of money expenditure :

Controlling the plan in financial management is checking the actions against plans, and adjusting standards of sequences when needed. Families can check the progress of their plans or of their current expenditures by mental and mechanical checkings. Checking the expenditure often aids the family to delete the unwanted expenditure and makes it possible to balance the income and expenditure.

Of the families who planned the expenditure 93 percent of urban and 98 percent of rural families controlled the plan in action. Table 4.46 provides information on the frequency with

TABLE : 4.46 FREQUENCY OF MENTAL CHECKING OF MONEY EXPENDITURE BY FAMILY INCOME
(Families in percent)

FREQUENCY	URBAN				RURAL			
	HIG	MIG	LIG	TOTAL	HIG	MIG	LIG	TOTAL
	N.162	N.106	N.52	N.320	N.42	N.42	N.98	N.282
Always	86.42	94.34	80.77	88.11	95.24	70.42	67.35	73.05
Often	8.64	5.66	3.85	6.88	--	9.86	12.24	9.22
Sometimes	3.70	--	15.38	4.38	4.76	16.90	20.41	16.31
Rarely	1.24	--	--	0.63	--	2.82	--	1.42
	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

which the selected families practised mental checking the expenditure to avoid over spending. Eighty eight percent of the urban and 73 percent of the rural families always checked current expenditure mentally.

Income-wise analysis revealed that eightysix percent of urban high income families 'always' mentally checked the expenditure and this type of checking was greater in the rural high income families (95 percent). Nine percent of urban high income families 'often' checked and four percent of families 'sometimes' checked the expenditure whereas none of the rural high income 'often' checked the expenditure and five percent of families checked only 'sometimes'.

A ninetyfour percent of urban middle income families and 81 percent of low income families checked the expenditure and such practices was comparatively lesser in rural middle income (70 percent) and low income (67 percent) families.

Table 4.47 shows the frequency of checking money expenditure mentally by family size. At all categories of family size higher percent of urban families seemed to check 'always' than their rural counterparts.

TABLE : 4.47 FREQUENCY OF MENTAL CHECKING OF MONEY EXPENDITURE BY FAMILY SIZE
(Families in percent)

FREQUENCY	URBAN				RURAL			
	Small N.158	Medium N.122	Large N.40	Total N.320	Small N.104	Medium N.126	Large N.50	Total N.280
Always	86.08	90.16	90.00	88.11	65.38	74.60	84.62	73.05
Often	10.13	1.64	10.00	6.88	9.62	7.94	11.54	9.22
Sometime	2.53	8.20	--	4.38	23.08	15.87	3.84	16.31
Rarely	1.26	--	--	0.63	1.92	1.59	--	1.42
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

4.8.2. Use of records or accounts in controlling the expenditure :

From the managerial perspective, records are tools that provide information to exercise control by checking against the plan (Deacon and Firebaugh, 1975).

In the study the selected families who had financial plan controlled the expenditure in urban and rural families. The frequency with which the families maintained accounts is given in Table 4.48. Seventy percent of urban families and 79 percent of rural families 'always' kept records. Nearly one fifth of the urban sample 'often' kept records and one tenth of the sample pursued keeping account only 'sometimes'. In the rural areas, less than one tenth practised keeping records often and 13 percent of families kept records only sometimes.

With reference to the income of families, keeping account was prevalent in more or less the same percent of urban high income (67 percent) and rural high income (69 percent) of families. One fifth of the urban high income families 'often' kept accounts whereas one fourth of the rural high income families 'only sometimes' kept accounts.

With regard to middle income families, a majority of rural families 'always' kept accounts while their urban counterparts *# *# *# *# *# so. 73 percent did/ Families keeping the records 'often' were found to

TABLE : 4.48 FREQUENCY OF KEEPING ACCOUNTS BY INCOME (Families in percent)

[illegible]

be 18 percent in the urban middle income and these were only six percent in the rural middle income families. With regard to low income families, more or less the same percent always kept accounts.

Table 4.49 reveals the frequency of keeping accounts by family size. Sixtyeight percent of urban small sized families 'always' kept accounts and these were adopted by 76 percent of rural small sized families. One fifth of the urban small sized families kept records 'often' whereas one fifth of the rural small sized families practised it 'sometimes only'.

More or less the same percentage of medium sized families from urban (80 percent) and rural (81 percent) were in the habit of keeping accounts 'always'. Twelve percent of urban medium sized families 'often' kept records and 16 percent of the rural medium size family did it. Fiftysix percent of urban large sized families 'always' kept accounts and comparatively higher percent (83 percent) of families practised it.

4.8.3. Methods of keeping accounts :

From the managerial perspective, records are stools that provide information to exercise control by checking according to plan (Deacon and Firebaugh, 1975). Of the families who had planned their expenditure, controlled by keeping records, in 69 percent of urban families and only 50 percent kept records in the rural families.

TABLE : 4.49 FREQUENCY OF KEEPING ACCOUNTS BY FAMILY SIZE (Families in Per cent)

FREQUENCY	URBAN			RURAL		
	Small N.118	Medium N.82	Total N.200	Small N.58	Medium N.62	Total N.120
Always	67.80	80.48	148.28	75.86	80.65	156.51
Often	20.34	12.20	32.54	3.45	16.12	19.57
Sometimes	10.17	7.32	17.49	20.69	3.23	23.92
Rarely	1.69	--	1.69	--	--	--
TOTAL	100.00	100.00	200.00	100.00	100.00	200.00

Table 4.50 reveals the methods of keeping accounts by family income. Irrespective of income and size methods of keeping accounts in account book with detailed records' were prevalent among 67 percent of urban families and 64 percent of rural families. 'Account book with sketchy records' were also adopted in nearly one fifth of the urban families and nearly one third of the rural families. Keeping cancelled checks was practised by six percent of urban families whereas none of the rural families used this practice.

Income-wise analysis showed that 'account book with detailed record' prevailed in 64 percent of urban high income families and in 50 percent of the rural high income families. Account book with sketchy record was found in 23 percent of urban high income and 44 percent of the rural high income families.

Seventynine percent urban middle income families maintained account book with detailed records and this practice was found in 69 percent of rural middle income families while 25 percent of rural middle income families had kept account book with sketchy record and this was found only in six percent of urban families.

With regard to low income families, it is interesting to note that 65 percent rural low income families practised account

TABLE : 4.50 METHOD OF KEEPING ACCOUNTS BY INCOME (Families in percent)

Method	URBAN				RURAL			
	HIG	MIG	LIG	TOTAL	HIG	MIG	LIG	TOTAL
	N.138	N.66	N.32	N.236	N.32	N.72	N.40	N.144
Account Book with the detailed Record	63.77	78.79	56.25	66.96	50.00	69.44	55.00	63.89
Account Book with Sketchy Record	23.18	6.06	25.00	18.64	43.75	25.00	30.00	30.56
Keeping cancelled checks	5.80	6.06	6.25	5.93	--	--	--	--
Keeping receipts	7.25	9.09	12.50	8.47	6.25	5.56	5.00	5.55
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

book with detailed records, while only 56 percent of their urban counterpart did so. Account book with sketchy record was practised in 25 percent of the urban low income families, and 30 percent in the rural low income families.

Table 4.51 reveals the method of keeping accounts by family size. Sixty eight percent of urban small sized families and 73 percent of medium sized families maintained account book with detailed records and these were slightly lesser in the small (62 percent) and medium (71 percent) sized families in the rural area. However, 28 percent rural small sized families and 26 percent of medium sized families and 19 percent small sized and 17 percent of medium sized families in the urban areas maintained account book with sketchy records.

'Account book with detailed record' was practised by 50 percent each of urban and rural large sized families. Twenty-two percent of urban large sized practised 'sketchy records' and only 17 percent 'kept receipts'. In the rural areas, 50 percent of large sized families 'kept sketchy records'.

4.8.4. Adjustments of Expenditure

4.8.4.1. Adjusting Excessive Expenditure :

Adjustments in money management are often necessitated

TABLE : 4.51 METHOD OF KEEPING ACCOUNTS BY FAMILY SIZE (Families in percent)

Method	URBAN				RURAL			
	Small N.118	Medium N.82	Large N.36	Total N.236	Small N.58	Medium N.62	Large N.24	Total N.144
Account Book with detailed records	67.81	73.17	50.00	66.96	62.07	70.97	50.00	63.89
Account Book with sketchy records	18.64	17.07	22.22	18.64	27.59	25.81	50.00	30.56
Keeping cancelled cheques	8.47	--	11.11	5.93	--	--	--	--
Keeping receipts	5.08	9.76	16.67	8.47	10.34	3.22	--	5.55
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

by excessive expenditure or because the plan does not fulfil the family's objectives. Each family may resort to one or more means of adjustment. The practices adopted by the families who indulged in some excessive expenditure are shown in Table 4.52. Fiftyone percent urban families managed the situation by 'utilising the savings' and 47 percent 'consciously adjusted other expenditure afterwards'. Only 27 percent of families borrowed money to adjust the situation.

In the rural households, these factors of adjustments were found in the reverse. Fortyfour percent of families consciously adjusted other expenditures afterwards and other 44 percent of families borrowed money. Only 24 percent of the rural families utilised their savings to meet the situation.

Family income has definite influence in the practices adopted to manage different financial situations. The method of consciously adjusting other expenditure increased as the family income increased, both in the urban and rural families. Thirty four percent of urban high income and 36 percent rural high income consciously adjusted other expenditures. A considerable percent of urban middle (57 percent) and low income families (64 percent) adopted this method to control the expenditure while a lesser percent in the rural middle income (46 percent) and low income

TABLE : 4.52 PRACTICE ADOPTED BY FAMILIES WHEN INDULGED IN EXCESSIVE EXPENDITURE BY
FAMILY INCOME (Families in Percent)

Method	URBAN				RURAL			
	HIG	MIG	LIG	TOTAL	HIG	MIG	LIG	TOTAL
	N.176	N.112	N.56	N.344	N.44	N.144	N.100	N.288
Consciously adjust other expenditures afterwards	34.09	57.14	64.29	46.51	36.36	45.83	46.00	44.44
Borrow Money	26.14	25.00	32.14	26.74	22.73	47.22	50.00	44.44
Utilise savings	75.00	32.14	14.29	51.16	50.00	18.06	20.00	23.61

Percentage exceeds 100 due to multiple response.

(46 percent) adopted this method.

Utilising savings showed reversible behaviour as the income increased. seventyfive percent of the urban high and 50 percent of rural high income families pursued this method when the family had indulged in excessive expenditure. Borrowing existed at all income levels. More or less the same percent of urban high (26 percent) and rural high (23 percent) borrowed money to adjust the excessive expenditure. Urban (25 percent) and low income (32 percent) families also borrowed, but these method seemed to be adopted by a higher percent of rural middle (47 percent) and low income families (50 percent).

Table 4.53 gives the method adopted, when there is excessive expenditure, by family size. Forty five percent of the urban small sized families consciously adjusted other expenditure when excessive expenditure occurred in the family and this method was adopted by only 28 percent of rural high income families. Borrowing existed in 47 percent of rural small families and this was found to be less at 27 percent in the urban small sized families. At all family size greater percent of urban families utilised savings when excessive expenditure occurred. This method was followed by a lesser percent of rural families at all family sizes.

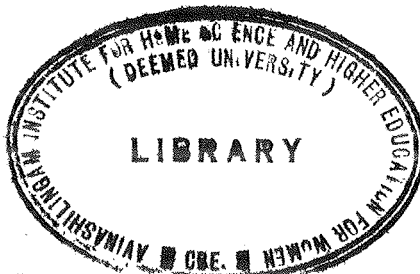


TABLE : 4.53 PRACTICE ADOPTED BY FAMILIES WHEN INDULGED IN EXCESSIVE EXPENDITURE BY
FAMILY SIZE (Families in percent)

Method	URBAN				RURAL			
	Small N.166	Medium N.132	Large N.46	Total N.344	Small N.106	Medium N.128	Large N.54	Total N.288
Consciously adjust other expenditure	44.58	50.00	43.48	46.51	28.30	48.44	55.07	44.44
Borrow Money	26.51	27.27	26.09	26.74	47.17	40.63	48.15	44.44
Utilise Savings	49.40	54.55	47.83	51.16	30.19	21.88	14.81	23.61

Percentage exceeds 100 due to multiple response.

These findings reveal that during the times of excessive expenditure, high income families 'utilised savings' whereas the middle and the low income families 'consciously adjusted other expenditures'. In the urban area all categories of family size utilised savings and 'consciously adjusted other expenditure'. In the rural area, the small sized families borrowed and also utilised savings, medium sized and large sized families 'consciously adjusted other expenditures' ^{and} only some families resorted to borrowing.

4.8.4.2. Methods adopted if planned expenditure did not satisfy family goals

Table 4.54 gives the method adopted if planned expenditure did not satisfy family goals by family income. Fifty three percent of urban families made new decisions ^{and} 47 percent of rural families followed this method. One third of both the urban and rural families changed certain details of the plan as required.

Income-wise analysis revealed that 52 percent of urban high income made new decisions whereas only 36 percent of rural high income families followed this method. However, 41 percent of the rural families changed certain details of the plan as required and only 31 percent of urban high income families did it.

TABLE : 4.54 METHODS ADOPTED WHEN THE PLANNED EXPENDITURE DID NOT SATISFY FAMILY GOALS BY INCOME. (Families in per cent)

Method	URBAN				RURAL			
	HIG	MIG	LIG	TOTAL	HIG	MIG	LIG	TOTAL
	N.176	N.112	N.46	N.344	N.44	N.144	N.100	N.288
Make new decisions	52.27	48.21	56.52	52.91	36.36	48.61	48.00	46.53
Revise the plan completely if required	17.05	8.93	17.39	13.95	22.73	20.83	24.00	22.22
Change certain details of the plan as required	30.68	42.86	26.09	33.14	40.91	30.56	28.00	31.25
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

With reference to the middle income families, rural and urban, similar tendency was seen in making new decisions. A little higher percent of urban middle (43 percent) changed certain details of the plan as required, than their rural counterparts (31 percent). One fifth of the rural medium sized families revised the plan completely if required and this was practiced in 17 percent of urban high income families.

A large percent of urban low income (56 percent) families made new decisions while (48 percent) of the rural low income families did so. The other methods adopted by the low income families were changing certain details of the plan (26 percent urban and 28 percent rural).

These findings reveal that if the planned expenditure did not satisfy the families, a greater percent of urban made new decisions and changed certain details of the plan. In the rural high income families, the method frequently used was changing certain details of the plan and making new decisions. The middle and the low income families made new decisions and changed certain details of the plan.

Table 4.55 details the methods adopted when the planned income did not satisfy family goals by family size. Making new

TABLE : 4.55 METHOD ADOPTED WHEN THE EXPENDITURE DID NOT SATISFY FAMILY GOALS
BY FAMILY SIZE (Families in percent)

Method	URBAN				RURAL			
	Small N.166	Medium N.132	Large N.46	Total N.344	Small N.106	Medium N.128	Large N.54	Total N.288
Make new decisions	57.83	53.03	34.78	52.91	54.72	35.94	55.56	46.53
Revise the plan completely if required	13.25	15.15	13.04	13.95	18.86	28.12	14.81	22.22
Change certain details of the plan as required	28.92	31.82	52.18	33.14	26.42	35.94	29.63	31.25
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

decisions was common in 58 percent of urban small sized families and 55 percent of the rural. Changing certain details of the plan was seen in 29 percent of the urban and 26 percent of the rural small sized families.

With regard to the medium sized families, 53 percent urban 'made new decisions' and 32 percent 'changed certain details of the plan', whereas among the rural families, 36 percent of families adopted these methods. The most prevailing practices in the urban large sized families were 'changing certain details of the plan' (52 percent) and 'making new decisions' (35 percent). In the rural areas these methods were adopted by 55 percent and 30 percent respectively.

4.9 EVALUATION OF MONEY EXPENDITURE

4.9.1. Satisfaction of Money expenditure :

As in all management, evaluation of the use of money should be in terms of the satisfaction of the family goals. Evaluation of the use of money is particularly important because so many of the satisfactions which families desire today are purchased with it (Gross and Crandall, 1975).

Table 4.56 presents information on the satisfaction achieved with money expenditure by the families studied. Thirty

TABLE : 4.56 EVALUATION BY RELATIVE SATISFACTION OF THE MONEY EXPENDITURE BY FAMILY
INCOME (Families in percent)

Satisfaction	URBAN				RURAL			
	HIG	MIG	LIG	Total	HIG	MIG	LIG	Total
	N.176	N.112	N.56	N.344	N.44	N.144	N.100	N.288
Very much satisfied	46.59	32.14	14.29	36.63	31.82	12.50	--	11.11
Satisfied	38.64	44.64	50.00	42.44	50.00	51.39	44.00	48.61
Little satisfied	9.09	16.08	21.42	13.37	18.18	33.33	44.00	34.72
Not satisfied	5.68	7.14	14.29	7.56	--	2.78	12.00	5.56
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

seven percent urban families and only 11 percent rural families were 'very much satisfied' with their money expenditure. Fortytwo percent of the urban and 49 percent of the rural were 'satisfied'. Thirty five percent of rural families and 13 percent urban had only 'little satisfaction'.

In the urban area 47 percent of high income families were 'very much satisfied' and 34 percent 'satisfied' regarding their money expenditure. In the rural high income families half of the sample were 'satisfied' and 32 percent were very much satisfied.

In the middle income urban families 45 percent, reported that they were 'satisfied' with their money expenditure followed by 32 percent 'very much satisfied'. In the rural middle income families, 51 percent were 'satisfied' and little satisfaction was seen in one third of the rural families.

Fifty percent of the low income families in the urban area reported that they were 'satisfied' and one fifth of the families in the urban area had only 'little satisfaction'. In the rural area 44 percent stated that they were 'satisfied' and 44 percent 'little satisfied'.

These findings show that the satisfaction seemed to be

more as the family income increased both in the urban and the rural areas. Many low income families appears to need help in maximising the satisfactions they derive from the use of their money income.

Table 4.57 shows the relative satisfaction of families from the point of view of their size, 48 percent urban small sized families were 'satisfied' and 37 percent very much satisfied. Fortyfive percent of the rural households were 'satisfied' and 32 percent had only 'little satisfaction'.

Nearly 40 percent medium sized urban families evaluated that they were 'very much satisfied', while in 35 percent they had 'satisfaction'. In the rural areas, 58 percent medium sized families were 'satisfied' and one third of them had only 'little satisfaction'.

Large sized families in the urban area were 'satisfied' in 43 percent families & 'very much satisfied' in 26 percent of the families. Whereas in the rural large sized families 44 percent were 'little satisfied' and only one third of the families were 'satisfied'.

It can be concluded that the smaller family size, families are either very much satisfied or satisfied than the large

TABLE : 4.57 EVALUATION BY RELATIVE SATISFACTION OF THE MONEY EXPENDITURE BY FAMILY SIZE
(Families in percent)

[illegible]

sized families and it is much pronounced in urban area than in rural areas. The fact that demands upon income are heaviest in the large sized families may have been the contributory cause.

4.9.2 Evaluation of satisfaction in terms of family goals :

The families were enquired whether their satisfactions were evaluated in the light of their family goals. Table 4.53 indicates that 56 percent of the urban and 50 percent of the rural families always evaluated their expenditure in the light of their family goals. Thirty percent of each urban and rural families 'often' evaluated in the light of family goals.

Income-wise stratification showed that 59 percent urban high income and 57 percent middle income families and 46 percent low income families always evaluated in the light of family goals. Similar trends were observed among the rural households, although the percentage decreased gradually at all income levels when compared to the urban families.

With reference to the family size the data given in Table 4.59 show that more or less the same percent of small sized families in the urban (59 percent) and in the rural (60 percent) always evaluated in the light of family goals. Thirty percent of the urban small sized families and 15 percent of the rural 'often' evaluated the goals, 25 percent of the rural small sized families

TABLE : 4.58 FREQUENCY OF EVALUATION OF MONEY EXPENDITURE OF FAMILY GOALS BY FAMILY INCOME (Families in percent)

Frequency	URBAN				RURAL			
	HIG	MIG	LIG	TOTAL	HIG	MIG	LIG	TOTAL
	N.176	N.112	N.56	N.344	N.44	N.144	N.100	N.288
Always	59.09	57.14	46.43	56.40	54.55	54.17	42.00	50.00
Often	28.41	32.14	28.57	29.65	27.27	29.17	32.00	29.86
Sometimes	11.36	10.72	17.86	12.21	18.18	15.28	22.00	18.06
Rarely	1.14	--	7.14	1.74	--	1.38	4.00	2.08
Never	--	--	--	--	--	--	--	--
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

TABLE : 4.59 FREQUENCY OF EVALUATION OF MONEY EXPENDITURE IN THE LIGHT OF FAMILY GOALS
BY FAMILY SIZE (Families in percent)

[illegible]

evaluated 'sometimes'.

In the urban medium sized families, 58 percent and among the rural, 47 percent stated that they always evaluated in relation to goals. Twenty seven percent urban medium sized families evaluated 'often' considering the family goals, and 39 percent did so in the rural area.

In the large sized families, 43 percent in the urban and 37 percent in the rural area always evaluated the expenditure in terms of family goals. Thirty five percent of the large sized urban families and 37 percent rural pursued this practice 'often'.

4.9.3. Use of net worth statements and household inventories :

4.9.3.1. Networth statement

The net worth statement or balance sheet is merely a careful computation and summary of the value of all assets of the value of all debts arranged to show the two values balanced against each other. If the net worth of the family is computed year by year and recorded in a sequence of years, the family will know exactly how its capital fund stands, not only actually but also as to any increase or decrease (Nickell and Dorsey, 1976). Such devices were used only by 27 percent of urban families and 38 percent of rural families. These families belonged to 34

percent of urban high income families and 73 percent in the rural high income families. At all income levels, a larger percent of rural families had evaluated their satisfaction by networth statements they had maintained.

Family size wise, it is seen that the urban small (28 percent) and medium (23 percent) families had networth statement. This practice was greater among the rural small (42 percent) and medium (45 percent) sized families. In contrast 39 percent urban large sized and 15 percent rural families maintained it.

4.9.3.2. Household inventories :

Keeping inventories was seen only in 23 percent of urban families and 19 percent of the rural families. Half of the sample in the rural high income maintained inventories while only 28 percent urban high income group did so. Twenty three percent of the urban middle income and 10 percent rural maintained inventories. It is surprising to note that the 20 percent of the rural low income families pursued this practice in contrast to four percent of the urban low income families.

Among the family size 28 percent of urban and 21 percent of rural small sized families maintained household inventories. Seventeen percent of urban and 20 percent of rural medium sized

families practised this method. With regard to large sized families 22 percent of urban and 15 percent of rural families seemed to keep household inventories.

4.9.3.3: Evaluation with previous years expenditure :

The frequency with which the families in the sample critically analysed their expenditure in relation to previous years is given in Table 4.60. Sixty percent of the urban and 59 percent of the rural families based 'always' their evaluation on previous years' expenditure. The higher the income, the greater was the percent of the urban (66) and rural high income (73) who were inclined to evaluate their expenditure. However, all income categories in the rural area practised more than their counterparts in urban areas.

With reference to family size, small and medium sized families evaluated more 'always' than the large sized families both in the urban and in the rural areas (Table 4.61).

Table 4.62 reveals the financial position as reviewed by the selected families comparing with previous years. Fortytwo percent of the urban families and 35 percent rural were financially better. Forty percent urban and 45 percent rural families evaluated that they were in the same position. However 17 percent of the urban and 19 percent of the rural families were financially

TABLE : 4.60 FREQUENCY OF CRITICAL ANALYSIS OF THE EXPENDITURE WITH PREVIOUS YEARS BY
FAMILY INCOME (Families in percent)

Frequency	URBAN				RURAL			
	HIG	MIG	LIG	TOTAL	HIG	MIG	LIG	TOTAL
	N.176	N.112	N.56	N.344	N.44	N.144	N.100	N.288
Always	65.92	57.14	46.43	59.88	72.73	61.11	50.00	59.03
Often	21.59	28.57	21.43	23.84	9.09	20.83	32.00	22.92
Sometimes	7.95	5.36	25.00	9.88	13.63	16.67	18.00	16.67
Rarely	2.27	5.36	7.14	4.07	4.55	1.39	--	1.38
Never	2.27	3.57	--	2.33	--	--	--	--
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

TABLE : 4.61 FREQUENCY OF CRITICAL ANALYSIS OF THE EXPENDITURE WITH PREVIOUS YEARS BY
FAMILY SIZE (Families in percent)

Frequency	URBAN				RURAL			
	Small	Medium	Large	Total	Small	Medium	Large	Total
	N.166	N.132	N.46	N.344	N.106	N.128	N.54	N.288
Always	62.65	62.12	43.48	59.88	62.26	62.50	44.44	59.02
Often	24.10	18.18	39.13	23.84	13.21	23.44	40.74	22.92
Sometimes	10.84	7.58	13.04	9.88	24.53	12.50	11.12	16.67
Rarely	2.41	6.06	4.35	4.07	--	1.56	3.70	1.39
Never	--	6.06	--	2.33	--	--	--	--
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

hit.

To conclude as the family income increased, the family position seemed to be better both in the urban and in the rural areas. The middle and low income were in the same position. Comparatively a greater percent of low income families were financially worse than the other income groups.

Family size-wise analysis showed, that 53 percent urban small sized families were better financially than their counterparts in the rural areas (32 percent) (Table 4.63). More or less the same percent medium sized families were better in both the urban (35 percent) and in the rural (34 percent) areas. Twenty six percent of urban large sized families evaluated their financial position as better and 44 percent rural stated that they were better.

4.10. EXPENDITURE

4.10.1. Expenditure in the urban and the rural areas

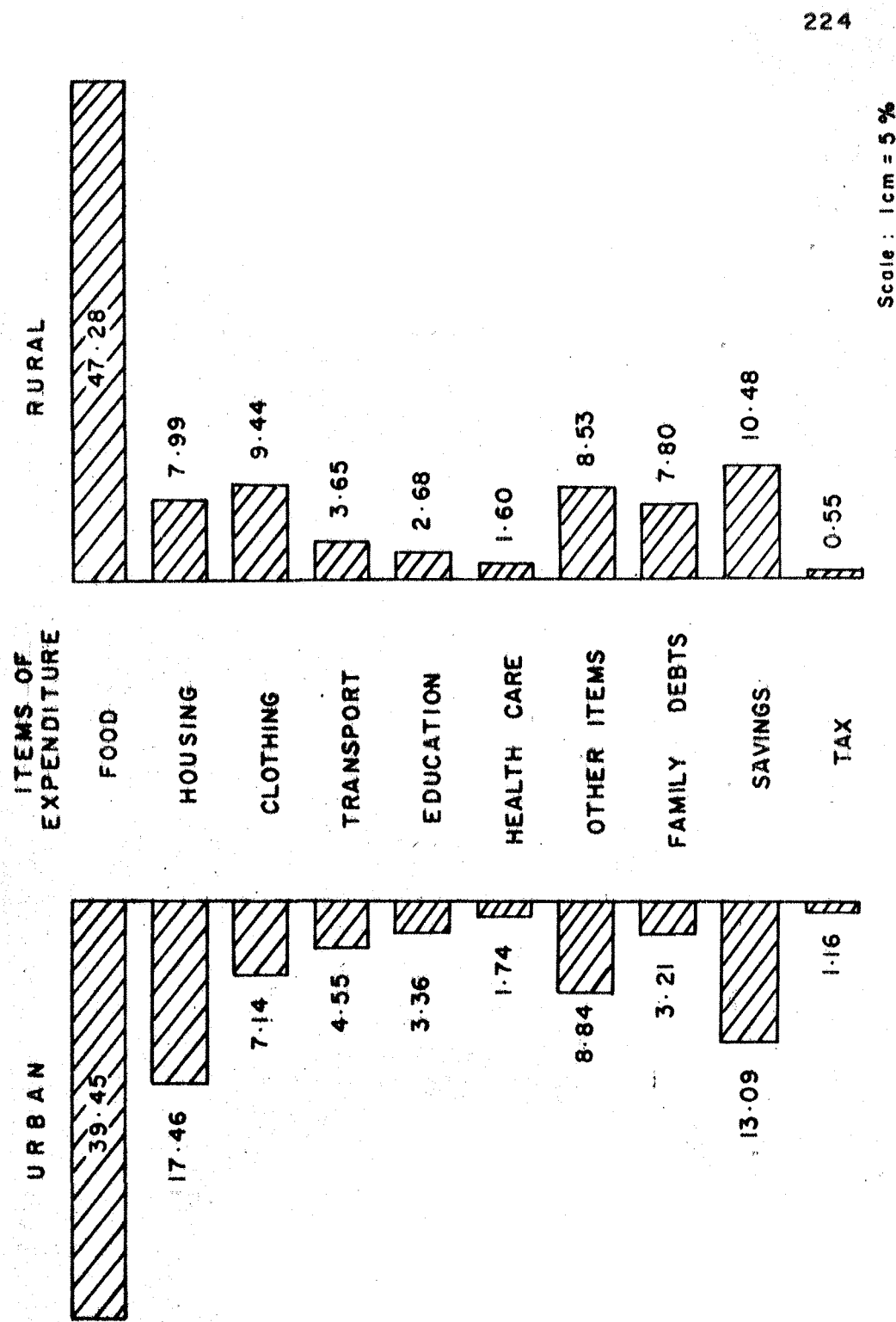
Table 4.64 and fig. 4.1 reveals that the expenditure pattern of the urban and rural samples differed. Comparison of the household expenditure showed higher mean family and per capita expenditures of Rs.1538 and Rs.344 respectively in the urban areas than in the rural areas where the figures were Rs.900 and Rs.226 respectively. This implies a higher standard of living

TABLE : 4.63 FINANCIAL POSITION AS EVALUATED BY FAMILIES BY FAMILY SIZE (Families in percent)

Financial Position	URBAN				RURAL			
	Small N.166	Medium N.132	Large N.46	Total N.244	Small N.106	Medium N.128	Large N.54	Total N.288
Better	53.01	34.85	26.09	42.44	32.08	34.38	44.44	35.42
Worse	7.23	24.24	34.78	17.44	11.32	23.44	25.93	19.44
Same	39.76	40.91	39.13	40.12	56.60	42.18	29.63	45.14
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

TABLE : 4.64 MEAN FAMILY, PERCAPITA AND PERCENTAGE OF MONTHLY EXPENDITURE IN THE URBAN AND RURAL AREAS (In Rupees)

Items of Expenditure	URBAN			RURAL		
	Mean Family expenditure Rs.	Mean per capita expenditure %	Percentage of expenditure %	Mean Family expenditure Rs.	Mean per capita expenditure Rs.	Percentage of expenditure %
Food	606.60	135.70	39.45	425.70	97.20	47.28
Housing	293.70	65.70	17.46	89.00	20.30	7.99
Clothing	109.80	24.60	7.14	85.00	19.40	9.44
Transport	70.00	15.67	4.55	32.80	7.50	3.65
Education	51.70	11.60	3.36	24.10	5.50	2.68
Health care	26.70	6.07	1.74	14.40	3.30	1.60
Other items	110.80	22.80	8.84	59.70	13.60	8.53
Family debts	34.50	7.72	3.21	70.20	16.00	7.80
Savings	201.30	45.04	13.09	94.40	21.60	10.48
Tax	17.80	4.09	1.16	5.00	1.40	0.55
TOTAL	1537.90	344.03	100.00	900.20	225.80	100.00
(Weighted average)						



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FIG. 4-1.

PERCENTAGE DISTRIBUTION OF MONTHLY EXPENDITURE IN URBAN & RURAL AREAS

in the urban area.

A close examination of the various items of expenditure revealed that the expenditure in the rural households was concentrated heavily on the lower limits and that of the urban area was towards higher expenditure levels in all categories.

Food is one of the basic necessities of life. It consumed a major share of the income of both the urban and the rural households. The corresponding mean family and per capita figures were Rs.607 and Rs.136 for the urban, and Rs.426 and 97 for rural households respectively. However, the amount spent on food by the urban household was 39 percent which was less than the corresponding expenditure of the rural households which was 47 percent.

It is interesting to note that savings seemed to be an important item of expenditure for future both in the urban and the rural areas. The corresponding mean family and per capita expenditure on savings were Rs.201 and Rs.45 for the urban and Rs.94 and Rs.22 for the rural areas. But the percentage on savings was greater in the urban households (Rs.13 percent) than in the rural households (Rs.10 percent).

Housing including house rent or tax, household operations and furnishings and equipments accounted for Rs 294 or

17 percent in urban households. In the rural households the expenditure on housing was far less (8 percent). The obvious lesser expenditure on housing among the rural households might be due to their ownership of the houses, and also the tax levied on the house was being comparatively less than in the urban areas. Even if it was rented, the rent paid also was very low. Clothing constituted the third largest component of family spending, both in the urban and the rural households. The mean family and per capita expenditure of the urban households were Rs 110 and Rs 25 whereas on the rural households, the mean family and the per capita expenditure were Rs.85 and Rs.19 respectively.

The mean family and per capita expenditure on other items which included expenditure on personal care, gifts and contribution and recreational cost in the urban families was Rs 111 and Rs.23 respectively. These were only Rs.60 and Rs.14 in the rural families. However, the percentage on these items remained more or less the same in both the urban and the rural households.

The mean family and per capita expenditure on transport education, health care and tax in urban area were Rs.18 to Rs.70 and Rs.4 to Rs.16 respectively, whereas nearly half of it were spent by the rural households (Mean expenditure Rs.5 to 33 and per capita Re. one to eight). However, the percentage of expenditure

remained more or less the same. In urban households it fluctuated from one percent to five percent and in rural households it was from one percent to four percent.

In the rural households, family debt was twice as much in the urban households. This again reveals the lower standard of living as the family debt restricts the purchasing capacity of the family.

In general, the larger expenditure in the urban areas may stem from relatively higher rent, and higher cost of maintenance of the house, the environmental pressure on the mode of living and dressing (clothing) and expensive education.

The higher total expenditure, lesser percentage on food and a greater percent on savings reveal that the urban households are relatively more prosperous at a higher standard of living, than the households in the rural areas.

4.10.2. Expenditure related to socio-economic profiles :

Increase in income may be handled differently by different families depending upon the income level of the family and the categories concerned. Families in very low income brackets may use this increase in income to purchase larger quantities of items they considered necessities, with the addition of some variety. Middle income families are more

likely to use and increase in income to provide better quality food and more services along with increased expenditures on non food items such as housing, recreation and education. Among high income families an increase in income is reflected in increased expenditures for luxury items (Gartner and Kolmer, 1961).

and fig.4.2

Table 4.65/reveals the trend of expenditure of urban and rural households viewed against their income. It showed that the levels of mean family and per capita monthly expenditure increased as the family income increased. The corresponding figures for mean family and per capita expenditure for low middle and high income groups were Low: Rs.657, and Rs.173, middle: Rs.1219 and Rs.267 and high : Rs.2411 and 494 for the urban families and Low: Rs.533 and Rs.132, Middle : Rs.870 and Rs.191 and high : Rs.2158 and 429 for the rural families.

The break down of items of expenditure showed a steady rise in the absolute figures with increasing income, both in the urban and the rural areas. Irrespective of income groups the urban and the rural families diverted a major portion of their income towards food, although the amount decreased as the income of the family increased. The mean family and the per capita expenditure on food were also higher in the urban households when compared to the rural households. The corresponding

TABLE - 4.65
**MEAN FAMILY AND PERCAPITA EXPENDITURES
 PER MONTH BY INCOME CLASS - IN RUPEES**

ITEMS OF EXPENDITURE	U R B A N				R U R A L							
	HIG.N:248 C:U 4.88	%	MIG.N:182 C:U 4.57	%	LIG.N:176 C:U 3.80	%	HIG.N:62 C:U 5.03	%	MIG.N:176 C:U 4.55	%	LIG.N:198 C:U 4.04	%
1. FOOD	821.99 (168.44)	34.10	569.01 (124.51)	46.67	349.60 (92.10)	53.23	762.87 (151.66)	35.36	432.56 (95.07)	49.74	313.93 (77.71)	58.84
2. HOUSING & HOUSE KEEPING	445.82 (109.89)	18.49	261.17 (57.17)	21.43	117.93 (31.04)	17.95	192.32 (38.41)	8.96	97.87 (21.62)	11.25	48.29 (11.96)	9.05
3. CLOTHING	156.76 (32.12)	6.63	95.02 (20.79)	7.79	56.04 (14.75)	8.53	172.64 (34.32)	8.00	86.46 (19.00)	9.94	56.21 (13.91)	10.54
4. TRANSPORT	128.48 (26.33)	5.33	39.96 (8.74)	3.28	19.42 (5.11)	2.96	67.38 (13.40)	3.12	37.46 (8.23)	4.32	17.88 (4.43)	3.35
5. EDUCATION	86.62 (17.75)	3.59	36.76 (8.04)	3.02	18.65 (4.90)	2.84	80.74 (16.05)	3.74	22.93 (5.04)	2.64	7.30 (1.81)	1.38
6. HEALTH CARE	46.09 (9.44)	1.91	17.98 (3.93)	1.47	8.70 (2.29)	1.33	25.87 (5.14)	1.20	16.29 (3.58)	1.87	9.23 (2.28)	1.70
7. OTHER ITEMS	187.56 (38.43)	7.79	71.04 (15.54)	5.82	44.78 (11.79)	6.82	142.51 (28.33)	7.70	67.54 (14.85)	7.77	34.36 (13.63)	6.45
8. FAMILY DEBTS	101.35 (20.77)	4.20	17.96 (3.93)	1.47	8.68 (2.26)	1.33	361.67 (71.90)	16.76	28.36 (6.29)	3.26	16.08 (3.98)	3.02
9. SAVINGS	391.19 (80.16)	16.22	108.09 (23.65)	8.87	32.74 (8.62)	4.99	352.06 (69.99)	16.32	77.29 (16.99)	8.89	28.86 (7.14)	5.42
10. TAX	41.93 (8.59)	1.74	29.56 (6.47)	0.18	0.14 (0.04)	0.02	22.96 (4.56)	1.06	2.75 (0.60)	0.32	1.34 (0.33)	0.25
11. TOTAL EXPENDITURE	2410.79 (494.00)	100.00	1219.21 (266.79)	100.00	656.68 (172.81)	100.00	2157.66 (428.96)	100.00	869.51 (191.10)	100.00	533.48 (132.05)	100.00

In this and subsequent tables figures in parentheses indicate percapita expenditure.

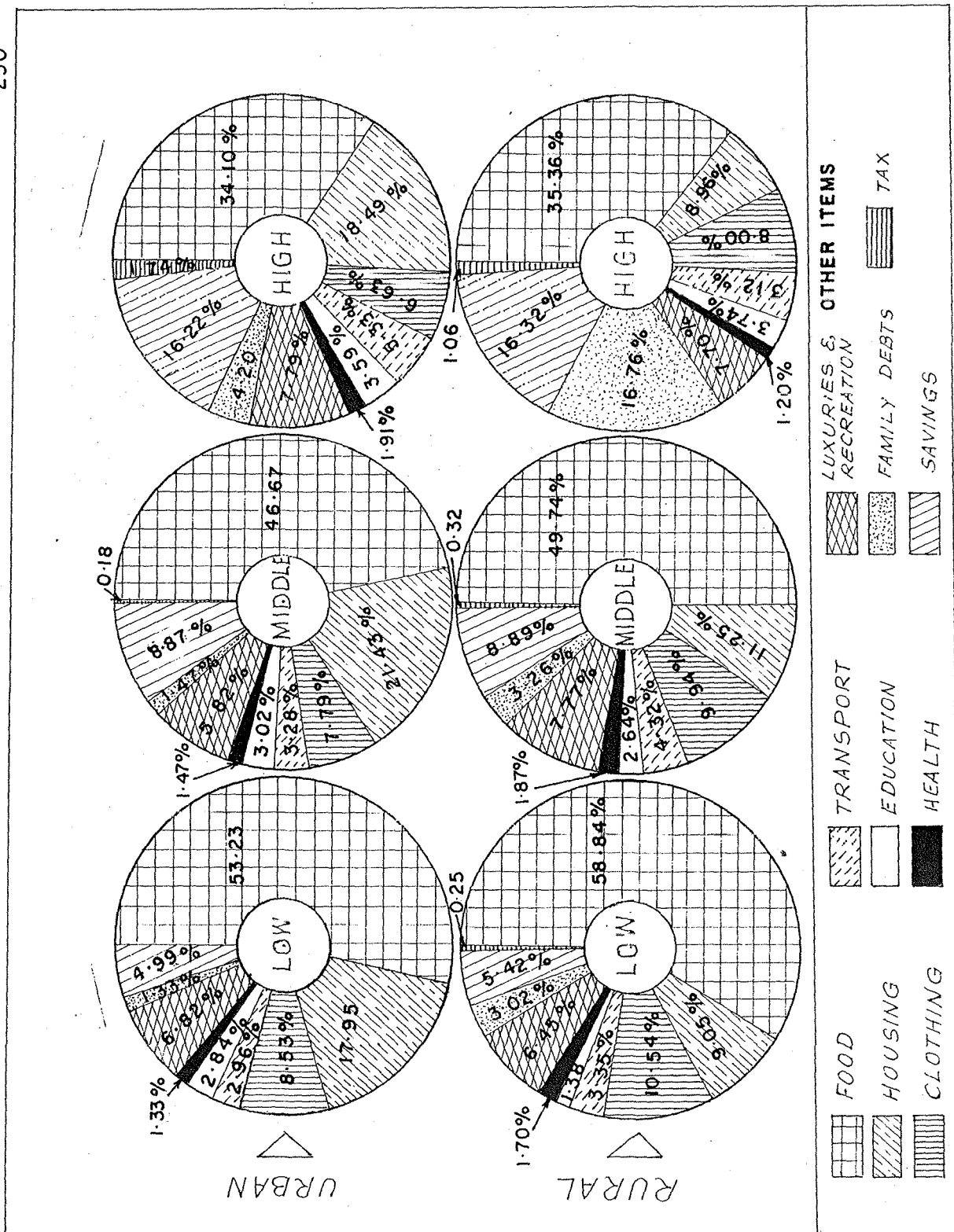


FIG.4.2. PERCENTAGE DISTRIBUTION OF MONTHLY EXPENDITURE BY FAMILY INCOME

figures of the expenditure for the urban and the rural families were Rs.350 and Rs.92, Rs.569 and Rs.125 and Rs.822 and Rs.168 and Rs.314 and Rs.78; Rs.433 and Rs.95 and Rs.763 and Rs.152 respectively

Next to food, the order of importance given by the urban high income families was housing, savings, ^{other} items of expenditure which included personal care, recreation and gift and contributions, and clothing. The mean family expenditure ranged from Rs157 to Rs 446 and the per capita expenditure ranged from Rs 32 ~~to~~ Rs 99. The rural high income spent a major portion of their earnings on repaying family debts, savings, housing, clothing and expenditure on other items. The corresponding mean family and per capita monthly expenditure ranged from Rs 143 to Rs.362 and Rs.28 to Rs.72 respectively. The percentage of expenditure on housing was greater in the urban families (18 percent) and only half of that amount was spent by the rural families. This is reversed in the case of family debts; while the rural families incurred seven percent, the urban families incurred only four percent. Remarkable differences were not observed in the percentage of expenditure on the remaining items in both the urban and the rural areas.

With regard to the middle income groups, the urban families seemed to incur higher mean family and per capita monthly

expenditure than their rural counterparts. Rural families, however, had more family debts. The percentage of expenditure reveals, housing was greater in the urban area than in the rural area. Not much variation was noted in the percentage of expenditure on other items.

With regard to the urban low income households, the gulf between food expenditure and expenditure on other items was seen clearly. The urban low income seemed to spend Rs 350 on food, Rs 118 on housing, Rs 56 on clothing and Rs 45 on others.

The rural low income household spent more on clothing (Rs.56) besides food. Expenditure on housing (Rs.48) on other items such as recreation, gifts and contributions and personal care (Rs.34) and savings (Rs.29) seemed to be important expenditures which followed clothing.

In general the mean family and per capita expenditure per month were higher in the urban households than in the rural households with few exceptions. The per capita expenditure on other items which included recreation, gifts and contributions, personal care, and family debts seemed to be slightly higher in the low income rural families. The percentage figure showed that the rural low income families spent greater percent on food, clothing and family debts, whereas, the percentages were greater

on housing, and education in the urban families.

The income of the family plays an important role in the consumption pattern, whether the family lives in the urban or in the rural areas. As the income of the family increases the expenditure incurred increased, the amount being higher in the urban households than in the rural households. As the income decreases the concentration of expenditure was towards the basic necessities of life. Following the well known Engel's law of consumption which states that the proportion of expenditure on food to total expenditure declines with rise in incomes, an useful indication of relative consumption patterns is derived by comparing the income elasticities. It is well known that within a country people tend to spend a smaller proportion of their income on food as their income increases. The study brings out clearly that when the bare necessities are satisfied first, although family takes a major share of the expenditure in low income families, the remaining income gets distributed fairly on the other items of expenditure. However, the expenditure on education, health and recreation is fully or partly met by the community facilities available, which facilitate the low income families to move upward in the economic scale, atleast after a generation.

The study reveals most important that family debts was prevalent mostly at higher income levels both in the urban and in the rural areas. Although this appears to be a contradiction, this might be due to the availability of loans and also the high income groups have the capacity to repay compared with low income groups. Apart from this, the high income groups utilise the institutional facilities like banks, cooperative societies and other loans given by government which are sanctioned on the basis of some securities. Even though, the frequency of borrowing is found to be more in the low income families, the amount of family debts is high only in high income groups. However savings seemed to be more or almost equal than debts.

With regard to the low income groups, they incurred debts to meet necessities of life and for social obligations. It seemed that most of the low income families borrowed money every month to meet the necessities.

Even though the Government has introduced many schemes to raise the income of the rural people, such facilities are not utilised because of the conditions levied by the lending agencies which is beyond their means.

In view of this comparison, it can be safely concluded that the households in urban areas are relatively more prosperous.

Irrespective of the area of residence, as one would expect high income families found to be better off than the other two income groups.

To facilitate comparison the items of expenditure have been grouped as necessities, comforts and other items of expenditure or luxuries. Food, clothing and shelter are grouped and designated as necessities of life. Expenditure on transport, education and health care are included in comfort and personal recreation and gifts and contribution form the luxuries in life or other items.

As the family income increased, the percentage on necessities decreased from 82 percent to 60 percent* in urban areas and 84 percent to 55 percent in rural areas (Fig. 4.3). The expenditure on comforts increased as the family income increased. The increase was from seven percent to 11 percent and from six percent to eight percent in the urban and rural areas respectively.

Expenditure on other items increased as the family income increased. The corresponding figures were five percent to seven percent in urban areas and from four to nine percent in rural areas (Fig.43).

The results indicate that at any income level, the important expenditure is on basic necessities only. After fulfilling

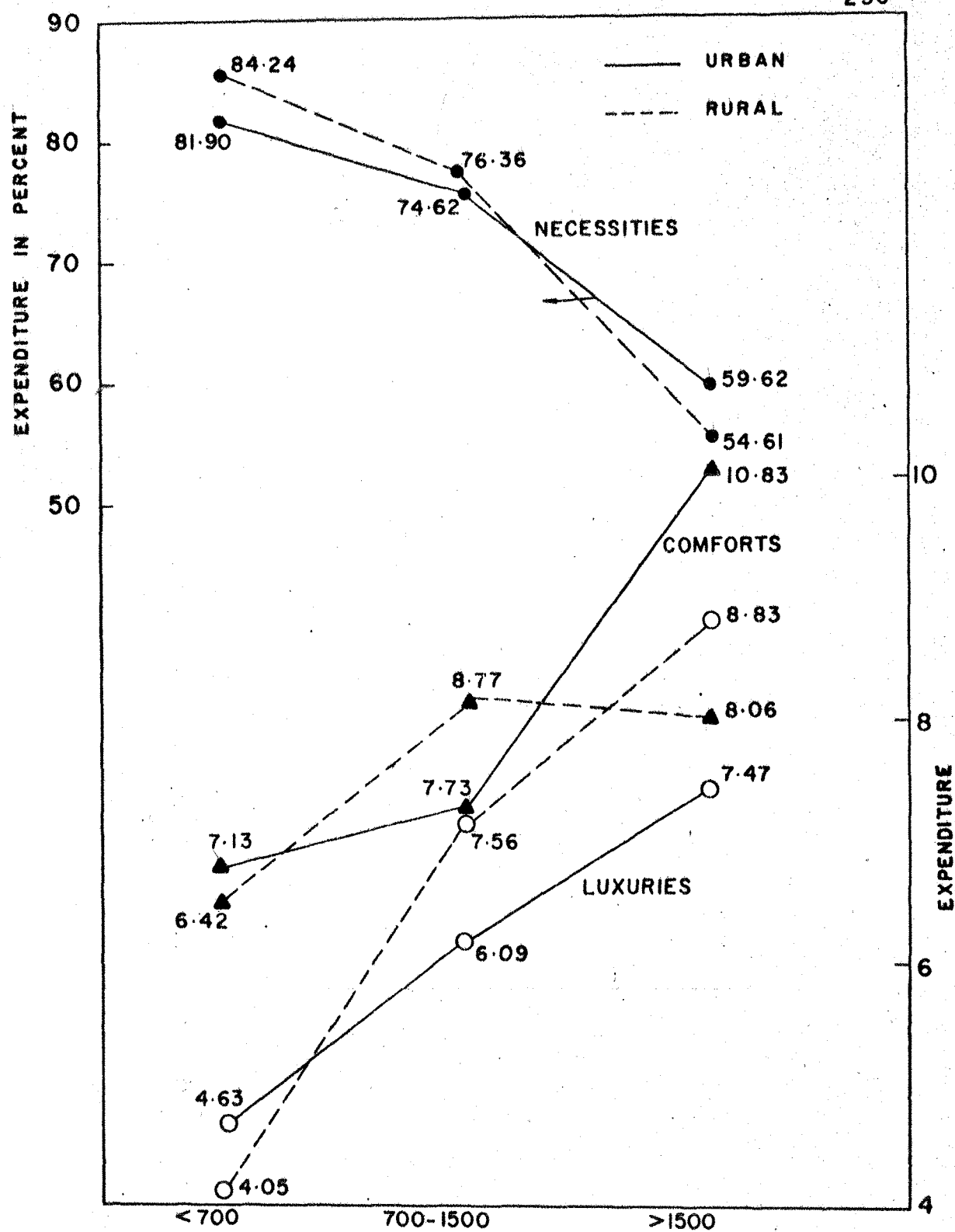


FIG. 4.3
EXPENDITURE ON NECESSITIES, COMFORTS & LUXURIES

the basic necessities, the remaining family fund is distributed on comforts followed by other expenditure. The Engel curve as shown in figure 3 indicates a 'downward slope' in the case of necessities as the family income increases and 'upward slope' in the case of comforts and other expenditure. Comforts and other expenditure lie closely and increases gradually.

The decision of expenditure among the budget items is influenced also by the size of the family. As the family becomes larger, physical necessities require larger and larger expenditure for food and clothing, with a consequent large reduction in other items of expenditure.

Table 4.66 and 4.67 and fig. 4.4 indicate that the mean family expenditure on all items increased as the family size increased both in the urban and rural areas. The corresponding figures for the urban families were Rs.1309, Rs.1536 and Rs.2233 and for the rural Rs.596, Rs.933 and Rs.1576 for the small, medium and large sized families respectively.

However, the total per capita expenditure in absolute terms decreased in the urban households as the family size increased, whereas in the rural households the per capita expenditure increased as the family size increased. However, the per capita expenditure was higher for the urban households when

MEAN FAMILY AND PERCAPITA MONTHLY EXPENDITURE
BY FAMILY SIZE - in rupees

TABLE : 4-66

ITEMS OF EXPENDITURE	U R B A N			R U R A L		
	SMALL N.296 C·U 3·21	MEDIUM N.212 C·U 5·01	LARGE N.98 C·U 7·09	SMALL N.184 C·U 3·06	MEDIUM N.178 C·U 4·75	LARGE N.74 C·U 6·77
FOOD	507·78 (158·19)	639·71 (127·69)	833·74 (117·59)	297·54 (97·24)	469·98 (98·94)	637·65 (94·19)
HOUSING	255·49 (79·60)	232·14 (46·33)	386·49 (54·51)	55·66 (18·09)	73·94 (15·57)	108·81 (16·07)
CLOTHING	95·18 (29·65)	112·31 (22·42)	148·61 (20·96)	61·04 (19·95)	99·78 (21·01)	108·92 (16·09)
TRANSPORT	56·80 (17·69)	73·49 (14·67)	102·45 (14·45)	21·39 (6·99)	42·56 (8·96)	38·86 (5·74)
EDUCATION	38·85 (12·10)	54·20 (10·82)	85·29 (12·03)	13·99 (4·57)	27·47 (5·78)	40·86 (6·04)
HEALTH	19·02 (5·93)	19·74 (3·94)	64·96 (9·16)	12·73 (4·16)	15·45 (3·25)	16·32 (2·41)
OTHER ITEMS	125·90 (39·22)	130·54 (26·06)	175·90 (24·70)	53·00 (17·32)	87·87 (18·49)	108·81 (16·07)
FAMILY DEBTS.	17·00 (5·30)	102·00 (20·36)	32·86 (4·63)	12·61 (4·12)	35·93 (7·56)	295·73 (43·68)
SAVINGS	174·91 (54·49)	159·86 (31·91)	370·78 (52·30)	65·67 (21·46)	73·93 (15·56)	214·92 (31·75)
TAX	18·03 (5·62)	12·30 (2·46)	29·16 (4·11)	2·78 (0·91)	6·56 (1·38)	6·68 (0·99)
TOTAL	1,308·96 (407·79)	1,536·23 (306·66)	2,233·20 (313·95)	596·12 (194·82)	933·48 (196·50)	1,575·95 (232·94)

PERCENTAGE DISTRIBUTION OF FAMILY EXPENDITURE BY FAMILY SIZE

TABLE: 4.67

ITEMS OF EXPENDITURE	URBAN			RURAL		
	SMALL %	MEDIUM %	LARGE %	SMALL %	MEDIUM %	LARGE %
FOOD	38.79	41.64	37.83	49.91	50.35	40.46
HOUSING	19.52	15.11	17.30	9.29	8.02	6.85
CLOTHING	7.27	7.31	6.66	10.24	10.68	6.92
TRANSPORT	4.34	4.78	4.59	3.58	4.56	2.40
EDUCATION	2.97	3.53	3.82	2.35	2.70	2.59
HEALTH	1.45	1.29	2.91	2.14	2.94	1.04
OTHER ITEMS	9.62	8.50	8.01	8.90	9.42	6.91
FAMILY DEBTS.	1.30	6.64	1.47	2.12	3.85	18.77
SAVINGS	13.36	10.40	16.60	11.01	7.92	13.64
TAX	1.38	0.80	1.31	0.46	0.70	0.42
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00

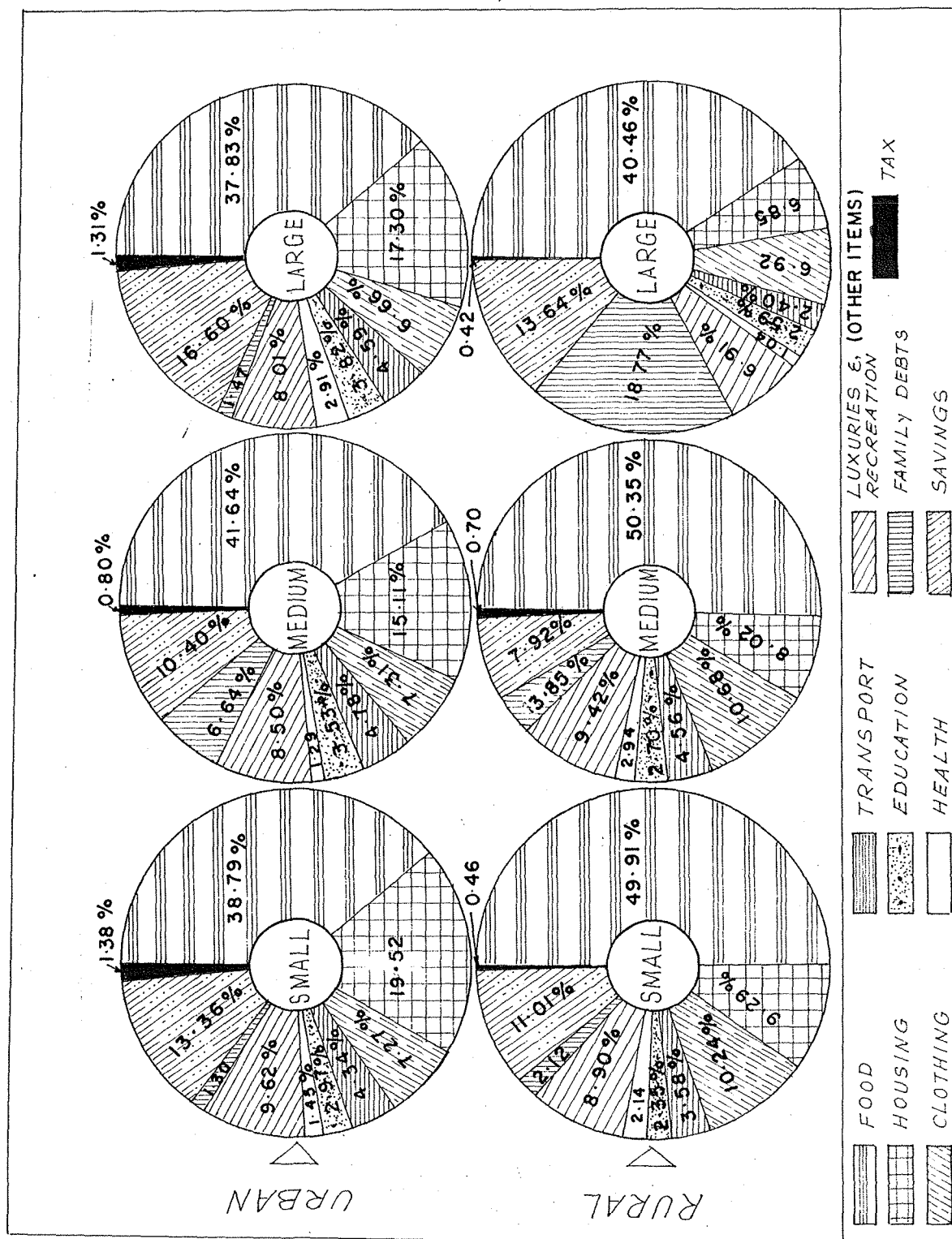


FIG. 4.4. PERCENTAGE DISTRIBUTION OF MONTHLY EXPENDITURE BY FAMILY SIZE

compared to the rural areas for all family sizes. The corresponding figures for the urban household declined from Rs.408 for small sized families to Rs.314 for large sized, and for the rural households increased from small sized families Rs.195 to large sized families Rs.233.

The break-down of expenditure in the urban area showed that expenditure on food, clothing, transport, education, health, savings and other items increased remarkably as the family size increased. The behaviour of housing expenditure in the urban areas was 'u' shaped with middle households spending the least. However the medium sized families (Rs.102) seemed to pay more for debts than the small (Rs.17) and large sized families (Rs.33). This might be the result of acquiring more material possessions through credit to keep up the social status and standard of living.

The per capita expenditure in urban areas showed a steady decrease as the family size increased with regard to food, housing, clothing, transport, other items such as furnishings and equipments recreation, gifts and contributions. The percentage of food seemed to be greater in medium sized households than small and large sized families. The percentage on housing was seen decreasing from small to large sized families. The percentage on clothing and transport remained more or less the same. Per capita

expenditure on education, personal care, remained more or less the same. Large sized families incurred slightly a larger amount on health, where too many members had to be taken care of. Family debts were higher among medium sized families than among the other two groups.

In rural households, the general tendency is similar to that of urban households. Large sized families seemed to have spent a higher amount on various items of expenditure than the small and medium sized families. The corresponding absolute expenditure incurred on food, clothing, housing, and savings ranged from Rs.108 to Rs.638, Rs.74 to Rs.470, Rs.57 to Rs.298 for large, medium and small sized families respectively. The other items of expenditure which included gifts and contributions, recreation and personal care also exhibited similar trend in terms of absolute expenditure. However the per capita expenditure on these items showed a decreasing trend as the family size increased. However, not much of variations was seen in the amount spent. Savings and family debt were seen more prominently in the large sized families.

The percentage of expenditure on food seemed to be lesser percent (40 percent) in large sized families than the small and medium sized families (50 percent). The percentage

MEAN FAMILY AND PERCAPITA MONTHLY EXPENDITURE BY EDUCATIONAL STATUS OF THE HEAD (in rupees)

TABLE 4.68

ITEMS OF EXPENDITURE	U R B A N							R U R A L						
	Professionals & Post graduates N: 110 C:U: 4.03	Graduates & Diploma holders N: 98 C:U: 3.48	Inter / P. U. C N: 48 C:U: 4.56	High School N: 166 C:U: 4.34	Middle School N: 70 C:U: 5.08	Primary School N: 92 C:U: 5.97	Illiterate N: 22 C:U: 5.45	Professionals & Post graduates N: 8 C:U: 4.25	Graduates & Diploma holders N: 20 C:U: 4.00	Inter / P. U. C N: 26 C:U: 4.42	High School N: 126 C:U: 4.19	Middle School N: 52 C:U: 4.58	Primary School N: 126 C:U: 4.78	Illiterate N: 78 C:U: 3.94
FOOD	699.51 (173.58)	827.65 (237.83)	672.33 (147.44)	561.48 (129.37)	498.55 (98.14)	416.89 (69.83)	509.91 (93.56)	552.50 (130.00)	549.50 (137.38)	439.85 (99.51)	419.11 (100.03)	409.42 (89.39)	462.13 (96.68)	338.69 (85.96)
HOUSING	399.66 (160.35)	299.58 (86.09)	266.17 (58.37)	249.68 (57.53)	256.79 (52.53)	133.48 (23.53)	223.36 (34.39)	26.00 (6.12)	145.80 (45.93)	99.61 (33.31)	74.27 (31.76)	94.03 (36.88)	66.93 (27.10)	44.59 (11.31)
CLOTHING	147.65 (36.64)	134.37 (38.61)	135.75 (29.77)	94.76 (21.83)	97.08 (19.11)	63.83 (10.69)	100.36 (18.41)	104.25 (24.53)	95.20 (23.80)	91.08 (20.61)	77.13 (18.41)	109.50 (23.91)	76.24 (15.95)	88.82 (22.54)
TRANSPORT	94.11 (23.35)	97.12 (27.91)	141.67 (31.07)	74.44 (17.15)	9.76 (1.92)	27.74 (4.65)	25.45 (4.67)	78.25 (18.41)	61.00 (15.25)	68.54 (15.54)	35.37 (8.44)	38.19 (8.34)	21.92 (4.59)	19.00 (4.82)
EDUCATION	72.11 (17.89)	79.57 (22.86)	72.50 (15.90)	47.70 (10.99)	20.13 (3.96)	23.70 (3.97)	36.78 (6.75)	38.25 (9.00)	43.30 (10.83)	23.00 (5.20)	34.32 (8.19)	30.00 (6.55)	15.95 (3.44)	10.56 (2.68)
HEALTH CARE	28.56 (7.09)	29.92 (8.60)	29.79 (6.53)	37.68 (8.68)	16.24 (3.20)	8.65 (1.45)	28.09 (5.15)	6.25 (1.47)	21.30 (5.33)	31.62 (7.15)	13.79 (3.29)	11.50 (2.51)	12.92 (2.70)	13.31 (3.37)
OTHER ITEMS	203.84 (50.58)	202.22 (57.53)	133.09 (29.18)	103.08 (23.75)	126.66 (24.93)	56.20 (9.42)	124.37 (22.82)	137.50 (32.35)	149.90 (37.49)	110.79 (25.04)	81.18 (19.38)	111.69 (24.39)	56.46 (11.81)	42.56 (14.62)
FAMILY DEBTS.	37.35 (7.78)	157.92 (43.66)	108.58 (23.81)	20.70 (4.77)	24.93 (4.81)	11.70 (1.96)	3.82 (0.70)	—	6.00 (1.50)	42.54 (9.62)	39.35 (9.39)	443.58 (96.83)	10.05 (2.10)	1.08 (0.27)
SAVINGS	311.93 (77.40)	281.67 (80.94)	239.08 (52.43)	142.15 (32.75)	262.82 (51.74)	36.15 (6.06)	116.55 (21.39)	160.75 (37.82)	195.60 (48.90)	212.00 (47.96)	96.95 (23.14)	181.96 (39.73)	68.65 (14.36)	27.26 (6.92)
TAX	35.20 (8.74)	36.49 (10.49)	7.38 (1.62)	5.18 (1.19)	27.92 (5.50)	0.09 (0.02)	1.91 (0.35)	17.50 (4.12)	1.10 (0.28)	9.92 (2.24)	4.46 (1.06)	9.23 (2.02)	3.94 (0.82)	2.77 (0.70)
TOTAL (Weighted average)	2023.00 (501.99)	2138.12 (614.40)	1806.33 (396.13)	1336.83 (308.03)	1340.37 (263.85)	778.41 (130.39)	1170.09 (214.68)	1121.25 (263.82)	1268.70 (317.18)	1128.85 (255.40)	875.93 (209.05)	1429.12 (312.04)	795.17 (166.36)	588.44 (148.50)

PERCENTAGE DISTRIBUTION OF FAMILY EXPENDITURE BY EDUCATIONAL STATUS OF THE FAMILY HEAD

TABLE: 4-69

ITEMS OF EXPENDITURE	U R B A N						R U R A L							
	Professionals & Post-Graduates %	Graduates & Diploma holders %	Inter / P-U-C %	High School %	Middle School %	Primary School %	Illiterate %	Professionals & Post-Graduates	Graduates & Diploma holder	Inter / P-U-C	High School	Middle School	Primary School	Illiterate
FOOD	34.58	38.71	37.22	42.00	37.19	53.56	43.58	49.28	43.31	38.96	47.85	28.65	58.12	57.56
HOUSING	19.76	14.01	14.74	18.68	19.16	17.15	19.09	2.31	11.50	8.82	8.48	5.88	8.41	7.58
CLOTHING	7.30	6.28	7.52	7.09	7.24	8.20	8.58	9.30	7.50	8.07	8.81	7.66	9.59	15.09
TRANSPORT	4.65	4.54	7.84	5.57	0.73	3.56	2.18	6.96	4.81	6.07	4.04	2.67	2.76	3.23
EDUCATION	3.56	3.72	4.01	3.57	1.50	0.19	3.09	5.41	3.41	2.04	3.92	2.10	2.01	1.79
HEALTH CARE	1.41	1.40	1.65	2.82	1.21	3.04	2.40	0.56	1.68	2.80	1.57	0.80	1.62	2.26
OTHER ITEMS	10.03	9.37	7.35	7.71	9.45	7.23	10.63	12.26	11.81	9.80	9.27	7.82	7.12	7.23
FAMILY DEBTS.	1.55	7.10	6.01	1.55	1.82	1.50	0.33	—	0.47	3.78	4.49	31.04	1.26	0.18
SAVINGS	15.42	13.17	13.24	10.62	19.62	4.64	9.96	14.34	15.42	18.78	11.07	12.73	8.63	4.62
TAX	1.74	1.70	0.42	0.39	2.08	0.01	0.16	1.56	0.09	0.88	0.50	0.65	0.50	0.46
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

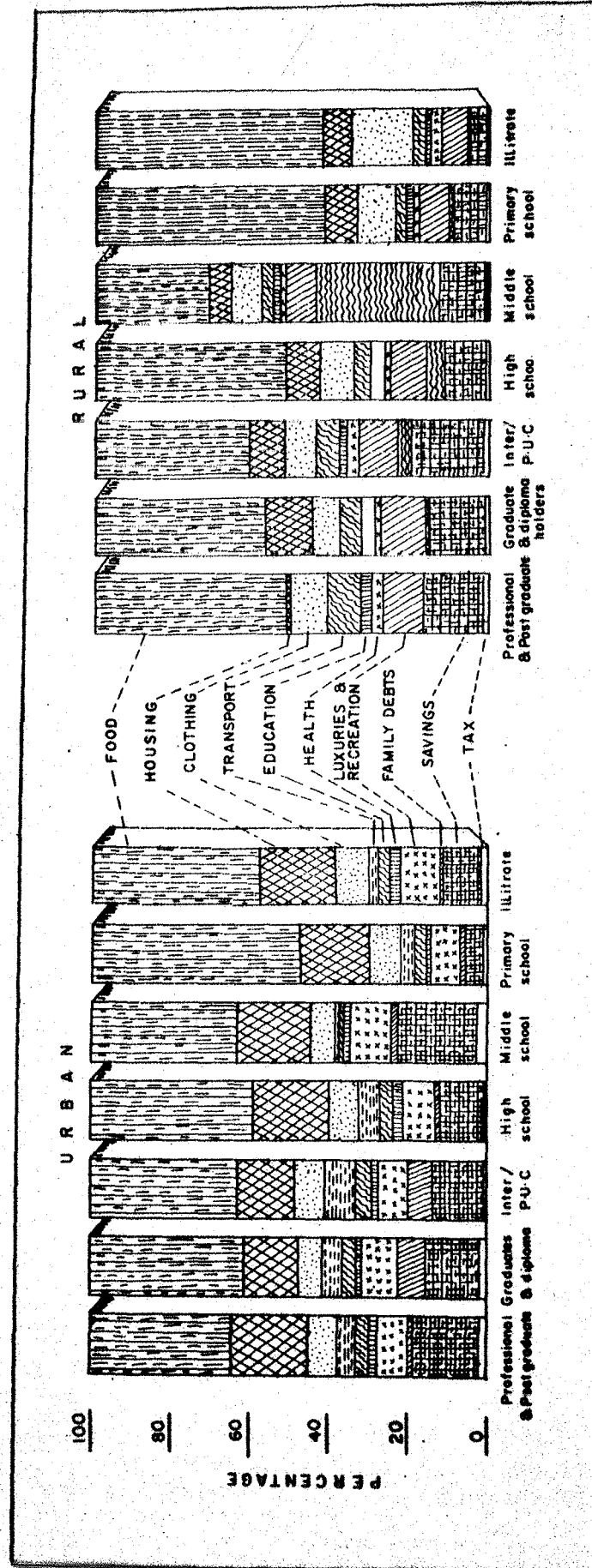


FIG. 4.5 PERCENTAGE DISTRIBUTION OF MONTHLY EXPENDITURE BY EDUCATIONAL LEVELS

and 1269 and Rs.255 and Rs.317 respectively. This might be due to the influence of other contributing factors such as occupation of the head, number of earners in the family etc. towards family income and thus the expenditure.

Analysing the individual items, the increase in the mean family and per capita expenditure accompanied increases in the formal education in the urban area. It is evident in the items like food, housing, clothing, transport and education. However the percentage of expenditure on food was greater in the households run by the head with primary level of education and illiterates, than the other groups. There was not much of difference in the percentage of expenditure on the items like housing, clothing and health care.

In the rural areas, families heads with professional qualification and heads educated upto graduate level incurred higher expenditure on food, transport and savings. However, the percentage of expenditure showed that the families heads with middle school education incurred lesser percent on food expenditure and percentages on savings was high in the families where the heads had college level education. Expenditure on housing was least in the families of professional groups, this indicated that they live in their own houses. Family debts

seemed to be predominant in the families heads with the middle school education. The same trend was followed in the percentage of expenditure also.

Family debt was prominent in the families of college educated heads in the urban areas whereas in the rural areas, families with middle school education had greater amount as well as percentage of debts.

Expenditure on other items seemed to be greater in the families of college educated heads both in the urban and in the rural areas. However it is surprising to note, inspite of low income in the families of illiterate heads, they spent greater percent on the other items of expenditure than the other educational groups followed by professional groups. These groups mostly spent their income on intoxicants like alcohol, pan, tobacco and cigarettes.

From this study, it can be safely concluded that the educational development helps the urban families to secure high income and expenditure whereas in the rural families, the influence of education is not very much evident. In the urban areas, higher educational qualification of the head helps to live more prosperously and in the rural areas, families heads with middle school education seemed to be better. These groups must

have constituted business traders.

Table 4.70 and 4.71 indicate the expenditure per month by occupational status of the heads. Analysing the mean family expenditure on all items in urban areas by occupational ranks, families of business traders (Rs 2926) Professionals (Rs 2099) incurred heavy expenditure followed by managerial workers (Rs 1777), Pensioners (Rs 1325) and Clerks (Rs 1267) and the least was spent by families of unskilled workers (Rs 731). The per capita figure showed that the families of professional and post-graduate business traders and managerial workers seemed to enjoy a better per capita than the other occupational groups, Similar trend was observed in the rural areas also.

Expenditure on food predominated regardless of occupation. However, families of business traders professional and postgraduate and managerial workers incurred heavier expenditure of this item, than the other occupational groups. The corresponding figures were Rs.951, Rs.736, Rs.703 respectively. For other occupational groups, it ranged from Rs.380/- to Rs.549 in the order of families run by pensioners, clericals, skilled workers, other groups and unskilled workers.

The same trend was observed with the per capita expenditure also. However the percentage figures, on the other

PERCENTAGE DISTRIBUTION OF FAMILY EXPENDITURE BY OCCUPATIONAL STATUS OF THE HEAD

TABLE 471

[illegible]

hand, showed an increasing effect as the per capita expenditure decreased.

The families of business traders, professional and managerial workers seemed to save greater amount than the other occupational groups. However, the families of business traders saved a greater amount (Rs.588) than Professionals (Rs.321) and managerial workers (Rs.280). The per capita and percentage figure also showed a similar trend.

Besides food and savings, the expenditures were also concentrated on housing, other items which included personal, recreation and gifts and contributions, clothing and transport in all occupational groups although the amounts varied. The expenditure was higher for the families of professionals, managerial groups and business traders than the other occupational ranks. The corresponding figures ranged from the minimum of Rs.60-Rs.190 and the maximum of Rs.145-Rs.249. For the families of clerks, skilled, unskilled workers and other groups, the minimum ranged between Rs.73 to Rs.135/-. The per capita expenditure also moved in the same direction.

The percentage of expenditure on housing was comparatively higher for the group which was designated as others, small farmers and pensioners (23 percent). A lesser percent was spent by the

unskilled workers (5 percent) on this item.

With regard to other expenditures, families of business traders incurred more on education (Rs.102) and health care (Rs.110) than the other occupational categories. Family debts seemed to be higher in absolute and per capita values among the families headed by clerical groups.

In the rural areas, food formed the major item of expenditure in all the occupational groups with the exception of business traders. In business traders families, the major item seemed to be family debt. However, families of pensioners, business traders and owner cultivators seemed to spend greater amounts in absolute terms. The corresponding figures were : for Pensioners Rs.762, business traders Rs.688 and owner cultivators Rs.673 respectively. In other occupational categories, the expenditure ranged from Rs.300 to Rs.471. The per capita figure also showed similar trend.

In analysing the percentage of expenditure families of business-traders (27 percent), pensioners (36 percent) followed by owner cultivators (44) and managerial groups (44 percent) seemed to spend lesser percent than the other occupational categories. Next to food, savings formed the major item of expenditure for the families of owner cultivators (Rs.196)

managerial groups (Rs.127), business-traders (Rs.343) and Pensioners (Rs.713) followed by clothing Rs.108, Rs.164, Rs.114 and Rs.85 and housing Rs.127, Rs.126, Rs.162 and Rs.122 respectively. Similar tendency was observed in the case of per capita expenditure. The percentage of expenditure on savings seemed to be greater in the families headed by pensioners (33 percent) followed by business traders (14 percent) owner cultivators (13 percent) and managerial groups (12 percent) than the other occupational groups.

Family debts were seen exorbitantly in the families headed by business-traders, both in the absolute terms and also in per capita expenditure. The percentage of expenditure also seemed to be very high (33 percent).

For the families of skilled and unskilled workers, small farmers and farm labourers, clothing formed the major item besides food and followed by savings. The corresponding figures ranged from Rs.66 to Rs.85 and Rs.34 to Rs.82 for clothing and savings respectively. The per capita and percentage of expenditure also were greater.

With regard to other items of expenditure, families of pensioners, owner cultivators, managerial groups, business-traders seemed to incur a higher expenditure than the families of skilled and unskilled workers and small farmers and other occupational

groups. The corresponding figures for minimum ranged from Rs.60 to Rs.175 for the former group and it ranged from Rs 5 to 15 and Rs 27 to Rs.78 for the later groups.

The results of the survey showed that the families heads with higher occupational status seemed to enjoy a higher standard of living as indicated by their higher expenditure pattern. In the urban area, families of business traders, professionals and managerials seemed to have a better standard than the other occupational groups. In the rural area, families of owner cultivators, business traders, managerials and pensioners lived with a better standard. Their higher standard of living has been indicated by lesser percentage of expenditure on food and greater percent on other items.

The influence of the age of head has been studied by a number of research workers and their studies indicate that age has a significant influence on the expenditure of a number of commodities, especially durables (Friend and Jones, 1960).

Table 4.72 and Fig. 4.6 gives the mean family and per capita expenditures by the age of the heads. The expenditures in urban families peaked (Rs 1659) when the family head was between 45-55 years old in contrast to the families headed by younger or older persons. In the families in which the heads were below

MEAN FAMILY AND PERCAPITA MONTHLY EXPENDITURE BY AGE OF THE HEAD

TABLE: 4-72

ITEMS OF EXPENDITURE	U R B A N				R U R A L			
	Below 35 yrs N=124 (C.U.3.55)	35-45 N=190 (C.U.4.00)	45-55 N=190 (C.U.5.16)	55 & above N=102 (C.U.5.18)	Below 35 yrs N=104 (C.U.3.50)	35-45 N=164 (C.U.3.98)	45-55 N=118 (C.U.5.49)	55 & above N=50 (C.U.4.90)
FOOD	560.81 (157.81)	625.47 (157.37)	637.60 (123.57)	562.86 (108.66)	333.83 (95.38)	412.68 (103.69)	473.53 (86.26)	546.32 (111.49)
HOUSING & HOUSE KEEPING	231.82 (65.30)	272.50 (68.12)	267.90 (51.93)	306.61 (59.20)	61.27 (17.51)	69.28 (17.41)	79.64 (14.51)	84.44 (17.23)
CLOTHING	111.11 (31.30)	109.28 (27.32)	112.68 (21.84)	103.96 (20.07)	59.27 (16.93)	86.67 (21.78)	96.25 (17.53)	106.32 (21.70)
TRANSPORT	85.24 (24.01)	57.66 (14.42)	74.22 (14.38)	66.73 (12.88)	28.92 (8.26)	34.43 (8.65)	33.36 (6.08)	34.48 (7.04)
EDUCATION	37.84 (10.66)	47.00 (11.75)	71.02 (13.76)	41.49 (8.01)	9.56 (2.73)	19.39 (4.87)	32.69 (5.95)	49.12 (10.02)
HEALTH CARE	22.94 (6.46)	20.24 (5.06)	37.69 (7.30)	22.82 (4.41)	13.08 (3.74)	15.54 (3.90)	12.53 (2.28)	21.88 (4.47)
OTHER ITEMS	121.40 (36.24)	128.55 (32.14)	151.48 (29.36)	126.14 (24.35)	62.69 (17.91)	74.28 (18.66)	85.51 (15.58)	93.08 (19.00)
FAMILY DEBTS.	120.98 (34.08)	44.06 (11.02)	21.85 (4.23)	23.04 (4.45)	10.46 (2.99)	27.84 (6.99)	197.15 (35.91)	33.64 (6.87)
SAVINGS	198.63 (55.95)	176.67 (44.17)	254.85 (49.39)	134.63 (25.99)	48.60 (13.89)	72.79 (18.29)	124.90 (22.75)	188.36 (38.44)
TAX	12.45 (3.51)	18.17 (4.54)	21.79 (4.22)	15.59 (3.01)	2.69 (0.77)	3.06 (0.77)	5.25 (0.96)	15.44 (3.15)
TOTAL	1512.34 (426.01)	1502.07 (375.52)	1659.48 (321.60)	1403.83 (271.01)	628.44 (179.55)	815.96 (205.02)	1140.81 (207.80)	1173.48 (239.49)

35 years and between 35-45 years of age, the expenditure was the second highest amounting to Rs.1512 and Rs.1502/- respectively, while those aged 55 years and above displayed the lowest expenditure to Rs.1404/-

This trend is probably due to the expanding family life cycles in which the demand on income is heavy due to the growing children and their education in high school or college and due to the vocational adjustments in middle aged groups (45-55 years) and establishing the households in young households and the lesser expenditure in older groups (55 and above) indicates retirement as well as contracting family size which brings less income and less expenditure respectively.

The percapita expenditure in absolute terms in the urban areas decreased as the age of the head increased from Rs.426 to Rs.271/- This might be due to the increasing number of consumption units, as the age of the head advanced from below 35 years to 55 years and above.

On the other hand, the rural households exhibited a steady increase in the expenditure level as the age of the head of the family increased. This indicates that the rural households which were composed small farmers - farm labourers and owner cultivators had no retirement. The increase in total

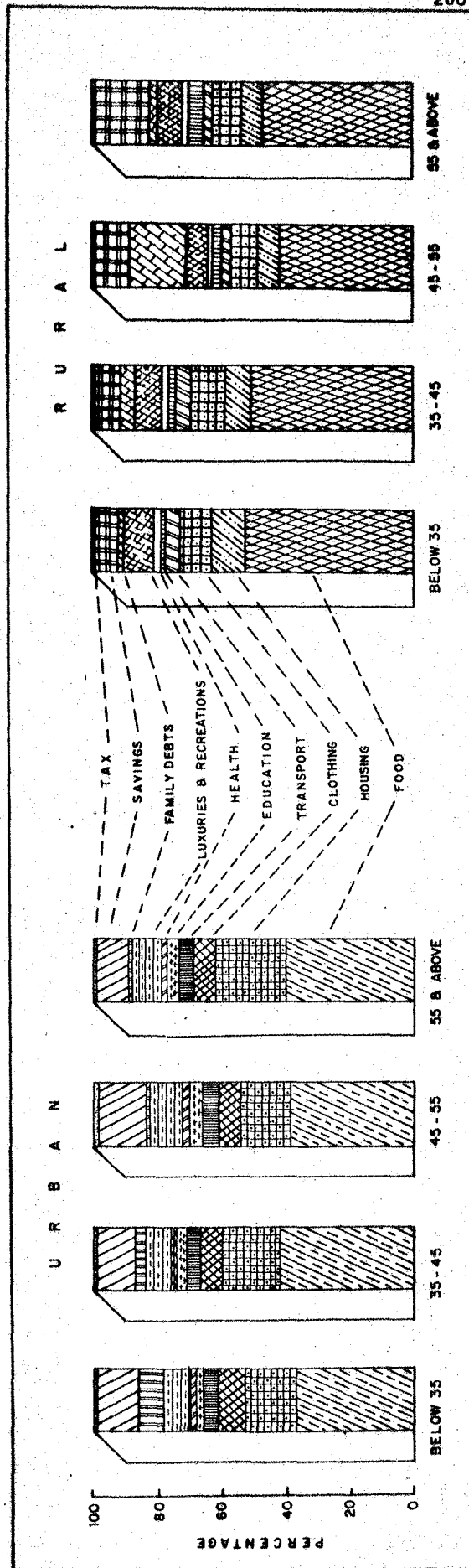
expenditure was from Rs.630/- to Rs.1173/- and the per capita expenditure ranged from Rs.180/- to Rs.239/-

The break down of expenditure in the urban families showed that the mean family expenditure increased as the age of the head increased upto 55 years and declined thereafter. However, the per capita expenditure decreased as the age of the head increased from Rs.158 to Rs.109. On the other hand the proportion of expenditure on food to total expenditure in the urban households, showed that the households where the middle aged (35-45 years) tend to decide on a larger proportion (42 percent) followed by the older groups between 55 years and above (40 percent) than the households run by the heads below 35 years and 45-55 years age (38 percent) (Table 4.73, Fig. 4.6).

In the rural areas the food expenditure pattern was different. The mean family expenditure increased as the age of the head increased, but the percapita expenditure showed that the middle aged heads households spent the least. However, the proportion of food expenditure decreased as the age of the head increased, and the decrease was more pronounced in the age group of 45-55 years.

Expenditure on housing showed an increasing tendency as the age of the head increased except in the middle aged groups

TABLE 4-73. PERCENTAGE DISTRIBUTION OF FAMILY EXPENDITURE BY AGE OF HEAD		U R B A N								R U R A L			
ITEMS OF EXPENDITURE		Below 35	35-45	45-55	55 & above	Below 35	35-45	45-55	55 & above	Below 35	35-45	45-55	55 & above
FOOD		37.28	41.86	38.45	40.09	53.12	50.58	41.51	46.56				
HOUSING & HOUSE KEEPING		15.52	18.13	16.16	21.84	9.75	8.49	6.99	7.20				
CLOTHING		7.39	7.27	6.80	7.40	9.43	10.62	8.44	9.06				
TRANSPORT		5.67	3.83	4.48	4.76	4.60	4.22	2.92	2.94				
EDUCATION		2.52	3.13	4.28	2.96	1.52	2.38	2.87	4.19				
HEALTH		1.53	1.35	2.27	1.63	2.08	1.90	1.10	1.86				
OTHER ITEMS		8.07	8.54	9.56	8.98	9.97	9.10	7.50	7.93				
FAMILY DEBTS.		8.05	2.93	1.32	1.64	1.66	3.41	17.28	2.87				
SAVINGS		13.22	11.75	15.37	9.59	7.73	8.92	10.95	16.05				
TAX		0.83	1.21	1.31	1.11	0.43	0.38	0.46	1.32				
TOTAL		100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00				



PERCENTAGE DISTRIBUTION OF MONTHLY EXPENDITURE BY AGE OF HEADS

FIG. 4-6

(45-55 years) in the urban areas. Whereas in the rural areas, it increased as the age of the head increased. The per capita expenditure also revealed a similar trend as in the urban and the rural households expenditure.

The proportion of housing expenditure was greater in the groups with old age heads in the urban area. In contrast in the rural families, the households younger heads incurred greater percent on housing.

Expenditure on clothing in the urban households remained more or less the same in the families headed by the people 45-55 years of age and declined thereafter. However the percapita expenditure showed a decreasing tendency as the age of the head moved higher, while the proportion of expenditure remained more or less the same. The rural areas depicted a different picture regarding savings which increased as the age of the head increased from Rs.49/- to Rs.188/- The percapita and percentage of savings also exhibited similar trends.

It is interesting to note that the younger households in the urban areas seemed to incur higher amount of debt than the other groups. / The percapita figures also exhibited similar trends. The percentage figures showed a sharp decrease from eight percent to two percent as the age of the head increased.

This might be due to the fact that the younger age groups were establishing their homes by buying more furniture and equipment in instalment or through banks and credit system.

In the rural households, the trend was different. The households headed by persons by 45-55 years of age, incurred greater amount of debts (Rs.199) than the other three groups. The per capita and percentage of expenditure also showed a similar trend. This might be due to the higher consumption units in this groups and also the heavy demand on the expenditure in settling children.

The expenditure on other items which included personal care, gifts and contributions and recreation and on education was high among the households headed by persons 45-55 years of age. Among the other groups, this expenditure remained more or less similar in the urban households. Whereas in rural households, the expenditure on other items as well as on education increased as the age of the head increased. However, the per capita expenditure in the urban households showed an increase in other items of expenditure as age advanced. The percapita expenditure on education was lesser among the households headed by persons 55 years and above. In the rural households, the expenditure on clothing increased as the age of the head increased, but the percapita figures indicated lesser expenditure in the households

headed by persons below 35 years and 45-55 years. However the proportion of expenditure did not exhibit any remarkable change.

Savings for future expenditure seemed to be an important item of expenditure in all the age groups. However, the households headed by persons 45-55 years of age, were able to save more followed by the families headed by those below 35 years of age. However, the per capita expenditure showed that the households headed by younger persons saved more (Rs.56) followed by the middle aged groups (35-45 years) and 45-55 years who saved Rs.44 and 49 respectively. The per capita expenditure showed as in the case of the older groups, a sharp decline. The percentage of savings also exhibited similar trend. In contrast, in the rural households, the percapita expenditure on other items and on education, were higher in the families headed by older age groups. However, the proportion of expenditure on 'other items' was slightly higher in the households with younger heads while it was so on education in the households headed by older age groups.

These lead to the conclusion that in urban area, the households headed by those below 35 years and 45-55 years of age seemed to have a higher standard of living than the other groups as indicated by per capita expenditure and percentages of expenditure. In contrast, in the rural households, families headed by the older groups 55 years and above, enjoy a better standard of

living.

4.10.3. Expenditure among cereals, non cereals, food and non food :

A simple index to judge the standard of living of a population is the distribution of the total expenditure between the major items, such as food, clothing, fuel and housing. Furthermore, food consumption in itself and as a proportion of the total income is a pertinent indicator of the levels of living. (Ganguli and Gupta, 1968 and Ramamurthy, 1978).

rural

An analysis of the urban/rural differentials indicated that 75 percent of the total food expenditure were towards non cereals foods in the urban areas whereas 63 percent of the rural households on non-cereals (Table 4.74).

Similarly urban families spent greater percent (61 percent) of their income towards non food when compared to the rural families who spent only 53 percent on this item. Thus, the study indicates a higher standard in the urban areas than in the rural areas.

Irrespective of area of residence, high, middle and low income spent a greater percentage on non cereals. However, the percentage increased as the family income increased on non-cereals whereas expenditure on cereals decreased. The expenditure on non-food was greater in the urban areas than food, although high income families spent a greater percent than the other two groups.

TABLE : 4.74 PERCENTAGE DISTRIBUTION OF EXPENDITURES AMONG CEREALS, NON CEREALS, FOOD
AND NON FOOD BY FAMILY INCOME

Items of Expenditure	URBAN				RURAL			
	HIG	MIG	LIG	TOTAL	HIG	MIG	LIG	TOTAL
	N.248	N.182	N.176	N.606	N.62	N.176	N.193	N.436
Cereals	20.28	28.68	31.75	24.55	26.68	34.85	45.72	36.74
Non cereals	79.72	71.32	68.25	75.45	73.32	65.15	53.28	63.26
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Food	34.10	46.67	39.45	39.45	35.36	49.74	58.64	47.29
Non food	65.90	57.33	60.55	60.55	64.54	50.26	41.16	52.71
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

The same trend was observed, while analysing the expenditure by income in rural areas. As one would expect the rural high income spent a greater percentage (65 percent) on non food items than the middle (50 percent) and low income (41 percent) families.

Table 4.75 refers to the expenditure on cereals, non cereals, food and non food by family size. The percentage on non-cereals decreased as the family size increased from 80 percent to 70 percent in the urban households and from 63 percent to 61 percent in the rural households. The percentage of expenditure on non food remained more or less the same in urban small and large sized families (61 percent and 63 percent) than medium sized families (58 percent). In the rural households, the percentage on non-food items remained the same in small and medium sized families (50 percent) and a greater percent in large sized families (60 percent).

4.10.4 Income Expenditure ratio :

Income and expenditure ratio has been calculated to see whether the selected families live within their means and also to understand the effect of socio-economic profiles on the economic situation of the families.

Table 4.76 and figure 4.7 reveals the income expenditure ratio. The expenditure was well within the income. The urban income was Rs.1819 and the expenditure was only Rs.1538. In the rural areas, the income was Rs.955 and expenditure was Rs.900 only. The income expenditure ratios were for urban 100:85 and rural 100:94. The ratio explains that for 100 rupees of income earned, the family incurred expenditure only for Rs.80/- in urban and Rs.94 in rural areas. The ratio showed that the urban families were better than the rural families.

4.10.5.1 Income expenditure ratio and socio-economic profiles :

In the urban low and middle income households, the expenditure exceeded that of income. Only in high income bracket, there may be savings or expenditure was well within the limits of income. Although, the expenditure collected included savings, the income and expenditure is not balanced. This might be due to the nature of the high income families to under report the savings.

The ratio of income and expenditure indicated that as the family income increased, the ratio decreased. That is for every 100 rupees of income the expenditure is more as in the low income (137) and in middle income (111) or less in the high income (73).

TABLE : 4.76 INCOME EXPENDITURE RATIO BY INCOME (Rupees)

INCOME	URBAN			RURAL		
	Mean Income	Mean Expenditure	Ratio	Mean income	Mean expenditure	Ratio
1. High Income above Rs.1500/-	3297.32	2410.79	73.11	2382.55	2157.66	90.56
2. Middle Income between Rs.700- Rs.1500/-	1099.01	1219.21	110.94	974.39	869.51	89.24
3. Low income below Rs.700/-	480.82	656.68	136.58	562.93	533.48	94.77
TOTAL	1819.11	1537.86	84.54	959.34	900.15	93.83

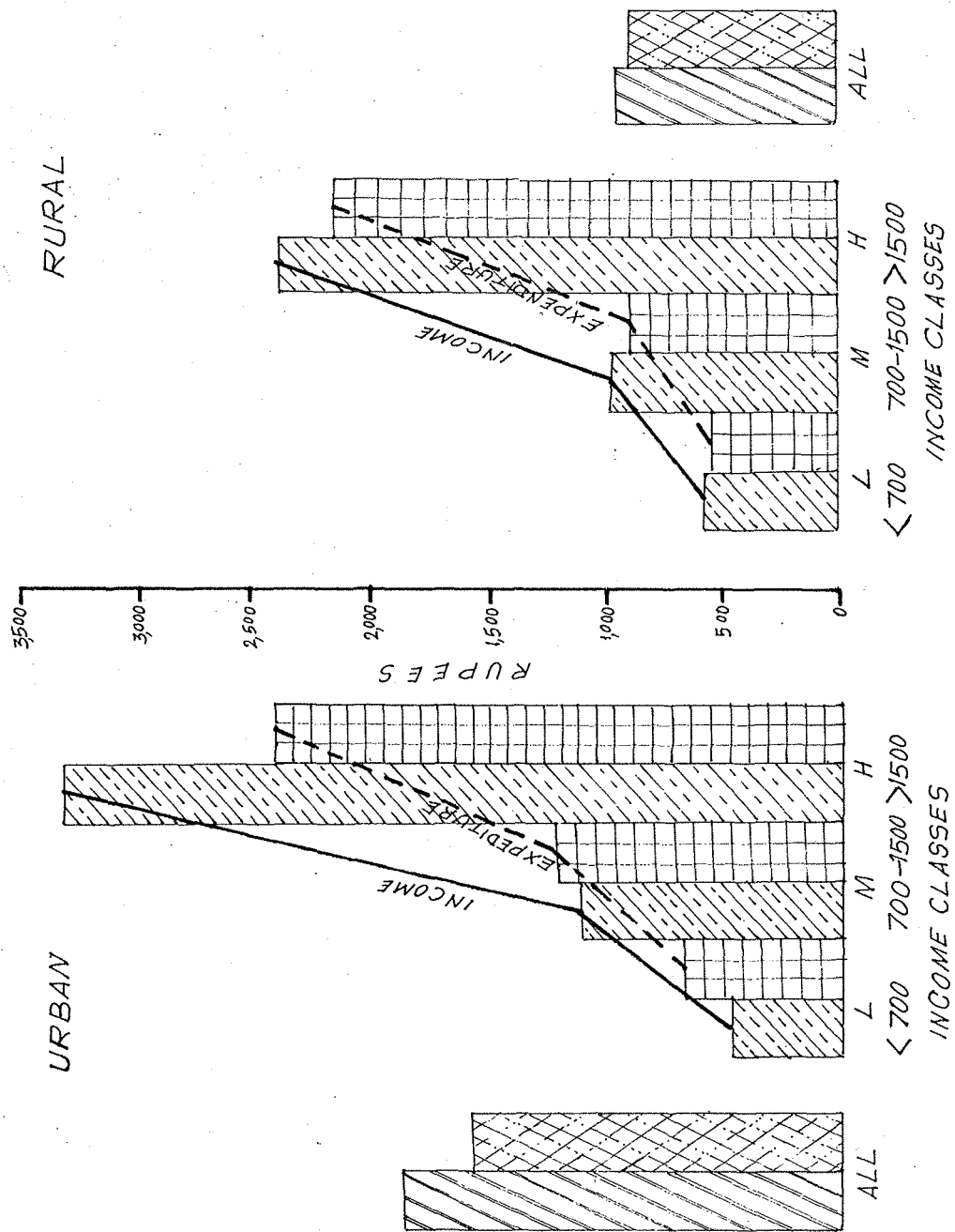


FIG.4.7. INCOME EXPENDITURE RATIO BY FAMILY INCOME

Rural income in all families is greater than expenditure, indicating savings. The expenditure decreased as the income status increased, exhibiting more savings. However, the income and expenditure ratio were not remarkably high.

It is evident from the Table 4.77 and figure 4.8 that the urban income expenditure ratio by family size were uniformly represent a surplus income in all cases. In rural income expenditure ratio, small and medium sized families were representing surplus budget whereas in large sized families there was deficit budget.

The surplus and deficit budget are represented in ratio. Urban medium sized families seemed to enjoy a greater surplus income indicated by less income expenditure ratio. For every hundred rupee, the expenditure is Rs.79 or the income expenditure ratio is 100:79 in the medium sized urban families, 100:87 in the small sized families and 100:91 in the large sized families.

In rural areas, surplus is high in small sized families as indicated by income expenditure ratio. In the small sized families, the ratio is 100:78, whereas in the medium sized families, it is 100:91. In large sized families the deficit is greater (100:123).

TABLE : 4.77 INCOME EXPENDITURE RATIO BY FAMILY SIZE
(In Rupees)

Family size	URBAN			RURAL		
	Mean income	Mean expenditure	Ratio	Mean income	Mean expenditure	Ratio
Small (2-4 members)	1511.02	1308.96	86.53	763.70	596.12	73.06
Medium (5-6 members)	1953.43	1536.23	78.64	1027.36	933.43	90.86
Large (7 and above)	2459.08	2233.20	90.81	1282.22	1575.95	122.91
Total	1819.11	1537.93	84.54	959.34	900.15	93.83

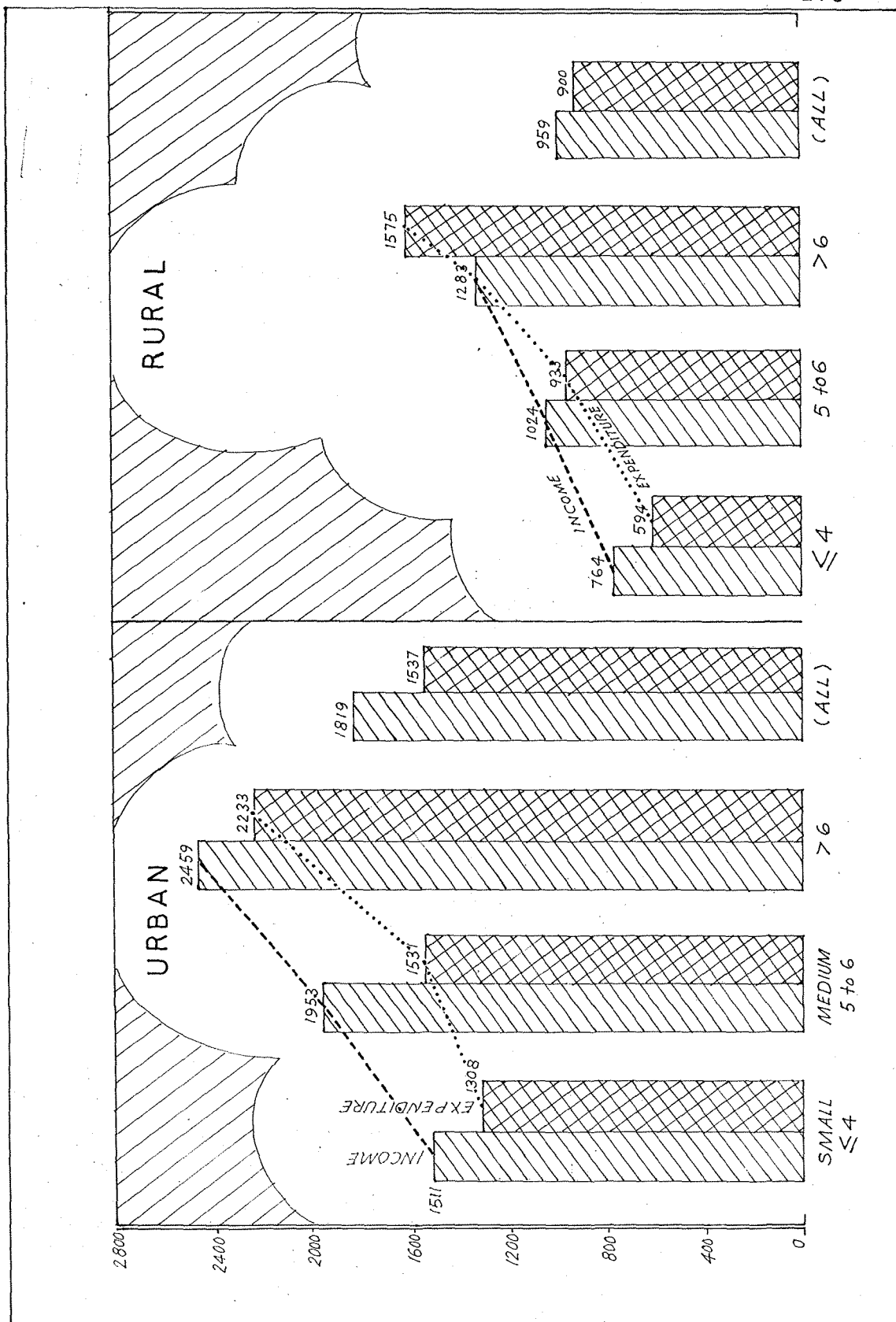


FIG.4.8. INCOME EXPENDITURE RATIO BY FAMILY SIZE

Table 4.78 gives the income expenditure ratio by educational level of the head. The budget seems to be surplus in all urban families at all educational level of the head with exception of families of illiterate heads, where expenditure exceeded income.

In rural households, expenditure exceeded income in the families headed by middle school education and inter PUC and diploma holder's family. The other families with heads of different educational categories lived well within income.

The peculiar characteristics of this behaviour of income and expenditure informs that the education is not the only criterion to assess the income status of the family head. It is also associated with other factors such as other sources of income and occupational status of the family. The fact is supported by the correlation co-efficient of income and expenditure in the rural household. In rural area, the correlation co-efficient is only 0.51 indicating weaker correlation between income and expenditure in relation to education (Appendix IV). In urban area, the correlation is 0.97 which indicated high correlation of income and expenditure by education. This might be due to the fact that after certain qualification, even the rural people migrate to urban sector for job opportunities.

TABLE : 4.78 INCOME EXPENDITURE RATIO BY EDUCATIONAL LEVELS OF THE HEAD
(In Rupees)

Educational Levels	URBAN			RURAL		
	Mean family monthly income	Mean family monthly expenditure	Ratio	Mean family monthly income	Mean family monthly expenditure	Ratio
Professionals and Postgraduates	2342.98	2023.00	86.34	2115.25	1121.26	53.00
Graduates	2812.20	2138.12	76.03	1595.00	1268.70	79.52
Inter, PUC and diploma	2183.92	1806.33	82.71	1071.15	1128.84	105.40
High School	1610.11	1336.83	83.02	964.00	875.93	89.21
Middle School	1526.00	1340.37	87.84	1072.23	1429.12	133.19
Primary School	978.00	778.41	79.59	842.00	795.20	94.44
Illiterate	1097.27	1170.00	106.63	747.36	588.44	78.74
Total (Weighted average)	1819.11	1537.86	84.54	959.34	900.15	93.83

Coefficient of correlation between income and expenditure
is 0.97 and 0.51 in rural areas

Table 4.79 indicates the income and expenditure ratio by occupational status of the family head. Families of professionals, business traders and pensioners enjoyed surplus income indicating more of savings than the other occupational groups. The surplus is great in the families of business traders (100:57) Professionals (100:70), Pensioners (100:84) indicating lesser expenditure.

In rural households, the surplus income is seen in the families of owner cultivators, small farmers, managerial groups, unskilled labourers and clerks than the other occupational groups who had deficit income.

Making use of the data, correlation co-efficient are calculated separately for urban and rural sectors.

The correlation between income and expenditure by occupational status reveals that rural area is highly correlated than the urban area. Higher the income higher the expenditure is indicated. The order of r^2 value in urban area is 0.55 and rural area is 0.81.

Table 4.80 and fig. 4.9 indicates that the youngest households (below 35 years of age) in urban areas showed deficit budget. In all other cases, it was surplus budget. The income expenditure ratio in the youngest households was 100 :113 whereas

TABLE : 4.79 INCOME EXPENDITURE RATIO BY OCCUPATIONAL STATUS OF THE FAMILY HEAD

Occupation of the Head	URBAN			RURAL		
	Mean income	Mean expenditure	Ratio	Mean income	Mean Expenditure	Ratio
1. Professionals	3004.64	2099.44	69.87	3645.00	4485.00	123.05
2. Managerial	1349.94	1776.98	131.63	1318.73	1066.36	80.86
3. Business (Traders)	5111.46	2925.88	57.24	2046.67	2537.17	123.97
4. Clerk	1088.13	1236.70	113.65	800.87	750.70	93.74
5. Skilled labourers	706.14	938.77	132.94	767.54	812.50	105.86
6. Unskilled labourers	672.10	735.56	109.44	586.38	526.72	89.83
7. Owner cultivators	1133.50	3516.00	310.19	2049.91	1527.09	74.50
8. Small Farmers	1500.00	1690.00	112.67	882.69	677.94	76.80
9. Pensioner	1578.65	1325.00	83.93	1892.67	2130.00	112.54
10. Unemployed	928.33	944.73	101.77	902.09	930.27	103.12
TOTAL (Weighted average)	1819.11	1537.93	84.54	959.34	900.15	93.83

The correlation and coefficient of income and expenditure in relation to the occupational status in urban is 0.55 and rural is 0.81

TABLE : 4.80 INCOME EXPENDITURE RATIO BY AGE OF THE HEADS (In Rupees)

Age	URBAN			RURAL		
	Mean income	Mean expenditure	Ratio	Mean income	Mean expenditure	Ratio
Below 35 years	1342.00	1512.34	112.69	697.37	628.44	90.12
35-45 years	1670.71	1502.07	89.90	916.30	815.96	89.05
45-55 years	2295.93	1659.48	72.27	1056.37	1140.91	108.00
55 and above	1737.82	1483.82	78.52	1416.47	1173.48	82.87
TOTAL (Weighted average)	1819.11	1537.86	84.54	959.34	900.15	93.83

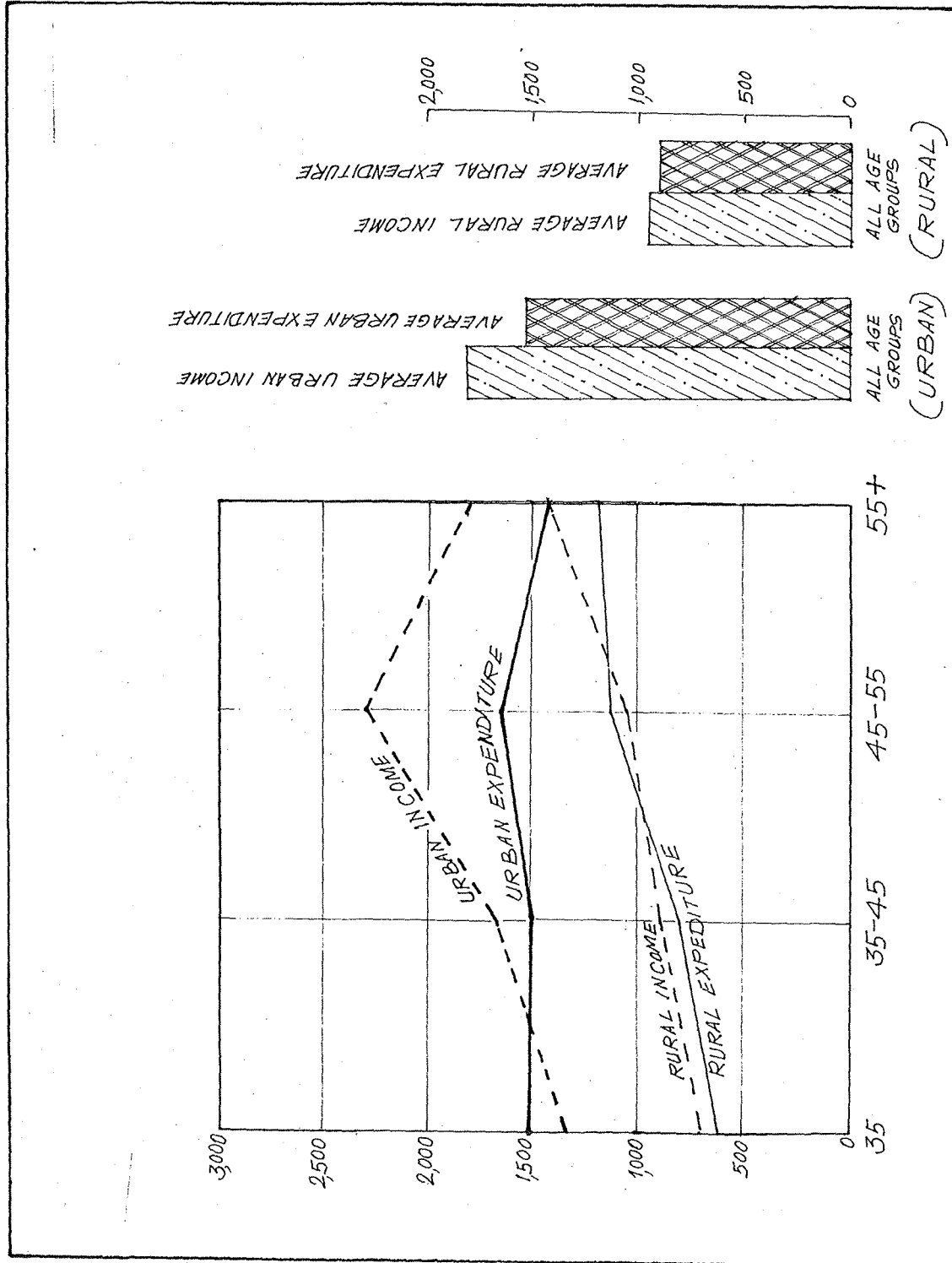


FIG. 4.9 INCOME EXPENDITURE RATIO BY AGE OF HEADS

when the family head advanced in age, expenditure was limited 100:73 to 90.

In rural households, with the age group of 45-55 years deficit was detected where the income expenditure ratio was 100:108. For other age groups the income expenditure ratio ranged 100:83 to 94.

4.11. SAVINGS AND CREDIT PRACTICES OF FAMILIES

The savings and credit practices of families play a significant role in the money management practices of families.

4.11.1 Savings :

As far as saving behaviour is concerned it is the frequency of households saving in a particular form that matters. Among the selected sample of 606 households 514 urban households and among the 436 rural households, 362 households saved their income for future expenditure. Eightysix percent of urban and 80 percent of rural families saved their income regularly.

Table 4.81 reveals the frequency of savings by family income. Regular savings seemed to be prevalent to the extent of 96 percent in the urban high income families and 93 percent in the rural high income families. Ninety three percent of urban

TABLE : 4.81 FREQUENCY OF SAVINGS BY FAMILY INCOME (Families in percent)

Frequencies	URBAN				RURAL			
	HIG	MIG	LIG	TOTAL	HIG	MIG	LIG	TOTAL
	N.238	N.164	N.112	N.514	N.54	N.164	N.144	N.362
Regular	95.80	92.68	53.57	85.60	92.59	79.27	76.39	80.11
Occasionally	3.36	6.10	33.93	10.90	7.41	19.51	23.61	19.34
Rarely	0.84	1.22	12.50	3.50	--	1.22	--	0.55
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

middle income families saved regularly whereas 79 percent of rural middle income families saved. With regard to the low income families, more than three fourth of the rural families saved regularly where only 54 percent saved in urban families.

Table 4.82 reveals the frequency of Savings by family size. In the urban households, as the family size increased saving regularly also increased from 82 percent to 92 percent. In the rural households, a higher percent of rural medium sized families (84 percent) saved regularly than the small and large sized families.

4.11.2. Reasons for savings :

Table 4.83 reveals the reasons for savings by family income. Irrespective of income and size 59 percent of the urban and 52 percent of the rural families had one important goal of making provision to meet emergency expenditure. The other motives for savings were for education of their children (47 percent) and making provision for oldage in 45 percent of families and nearly one third of families were concerned to save for marriage of their son and daughters and to buy durable goods. The families stating these reasons for saving seemed to be lesser in the rural households.

In the urban high income families, saving to meet the

TABLE : 4.82 FREQUENCY OF SAVINGS BY FAMILY SIZE (Families in percent)

Frequencies	URBAN				RURAL			
	Small N.254	Medium N.188	Large N.72	Total N.514	Small N.146	Medium N.154	Large N.62	Total N.362
Regularly	31.39	38.30	91.66	35.60	76.71	34.42	77.42	80.11
Occasionally	14.17	8.51	5.56	10.90	21.90	15.53	22.53	19.34
Rarely	3.94	3.19	2.78	3.50	1.39	--	--	0.55
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

TABLE : 4.83 REASONS FOR SAVINGS BY FAMILY INCOME IN URBAN AND RURAL AREAS

Reasons for savings	URBAN				RURAL			
	HIG N.233	MIG N.164	LIG N.112	TOTAL N.514	HIG N.54	MIG N.164	LIG N.144	TOTAL N.362
1. For oldage	36.97	50.00	53.57	44.75	14.81	40.24	43.06	37.57
2. For education	51.26	45.12	41.07	47.08	40.74	35.37	15.28	28.18
3. For emergency	66.39	56.10	48.21	59.14	55.56	54.88	48.61	52.49
4. For liquidating debts	5.88	7.32	8.93	7.00	3.70	--	2.78	1.66
5. For purchasing land/ building	31.93	12.20	10.71	21.01	37.04	7.32	4.17	10.50
6. For expanding business	17.66	7.32	7.14	12.06	22.22	2.44	2.78	5.52
7. For gifts and donations	3.36	2.44	--	2.33	--	--	--	--
8. For marriage of son/daughter	31.93	31.11	32.14	31.52	55.56	28.05	15.28	27.07
9. To buy durable goods	44.54	32.93	12.50	31.52	--	8.54	8.33	7.18
10. For future expenditure	0.84	2.44	7.14	2.72	--	10.98	--	4.97

emergency expenditure seemed to be upper most in 66 percent of families. Fiftyone percent of the urban high income families were motivated to save for education and 45 percent to buy durable goods for the family, whereas, more than half of the rural high income families saved for emergency and for marriage of son and daughter. The next priority of saving was given for education followed by purchasing land.

With regard to urban middle income families, 56 percent saved for emergency, and 50 percent for oldage and 45 percent for education. Although, the same reasons were stated by the rural middle income families, the percentage of households were lesser urban than/middle income families. Savings were also prevalent in nearly one third of urban families for marriage and to buy durable goods whereas rural medium sized families saved for marriage of son and daughter.

The urban low income families saved for oldage, followed by 48 percent for emergency and 41 percent for educating children while 49 percent of rural low income families saved for emergency and 43 percent for oldage.

Table 4.84 reveals the reasons for savings by family size. More or less the same percent of small and medium sized families in the urban area seemed to save to meet emergency, for

TABLE : 4.84 REASONS FOR SAVINGS AND FAMILY SIZE (Households in percent)

Reasons for savings	URBAN				RURAL			
	Small N.254	Medium N.188	Large N.72	Total N.514	Small N.146	Medium N.154	Large N.62	Total N.362
For oldage	45.57	44.68	41.67	44.70	42.47	33.77	35.48	37.57
For education	46.46	48.94	44.44	47.08	20.55	37.66	22.58	28.18
For emergencies	59.06	58.51	61.11	59.14	36.99	68.83	48.39	52.49
For liquidating debts	6.30	3.19	19.44	7.00	2.74	1.30	--	1.65
For purchasing land/ building	22.83	20.21	16.67	21.01	8.22	11.69	12.90	10.50
For expanding business	7.87	13.83	22.22	12.06	4.11	5.19	9.68	5.52
For gifts and donations	0.79	5.32	--	2.33	--	--	--	--
To celebrate marriages of children	16.54	34.04	77.78	31.52	19.18	31.17	35.48	27.07
To buy durable goods	22.83	27.66	72.22	31.52	6.85	3.90	16.13	7.18
For future expenditure	4.72	1.06	--	2.72	4.11	7.79	--	4.97

Percentage exceeds 100 due to multiple response

educating the children and also to utilise during their oldage. In rural area, small and medium sized families also spent for the same reasons. However, majority of the medium sized families were concerned with savings for emergency and 42 percent of small sized families for oldage.

Urban large sized families saving attitude seemed to differ from others. The important motives of savings of majority of the urban large sized families were to conduct marriage of their children and to buy durable goods followed by 61 percent of families for emergencies. Savings for education and for oldage were seen in less than 50 percent of families. Fortyeight percent of rural large sized families, saved for emergencies, and more than one third saved for oldage and for marriage of their children. Only less than one fourth of the families saved for education.

4.11.1.3 Methods of savings :

Table 4.85 reveal the methods of savings and family income. Majority of the urban families saved in the bank and more than half seemed to save in general provident fund (GPF) and in Life Insurance Company (LIC) and 39 percent saved in the form of jewels. In rural area, 56 percent of families saved in bank and 56 percent of salaried people contributed towards GPF.

TABLE : 4.05 METHODS OF SAVINGS BY FAMILY INCOME (Families in percent)

Methods of savings	URBAN				RURAL			
	HIG	MIG	LIG	TOTAL	HIG	MIG	LIG	TOTAL
	N.238	N.164	N.112	N.514	N.54	N.164	N.144	N.362
Bank	96.55	76.83	58.93	77.43	96.30	65.85	30.56	56.35
Chit Fund	17.65	10.98	26.79	17.50	14.81	13.41	25.00	18.23
Hundial	--	--	3.57	0.78	--	1.21	2.78	1.66
Durable goods	5.04	4.88	7.14	5.45	14.81	8.53	1.39	6.63
Land/House	10.08	1.22	--	5.06	11.11	3.65	5.56	5.52
Jewels	59.66	29.27	8.93	38.91	14.81	13.40	1.39	8.84
LIC	51.26	64.63	48.21	54.86	25.93	29.27	13.80	22.65
GPF	57.14	64.63	48.21	57.59	37.04	59.76	58.33	55.80
Government Bonds	5.04	1.22	--	2.72	3.70	1.21	1.39	1.66

Percentage exceeds 100 due to multiple response

Majority of both urban and rural high income families seemed to save in the bank, although percentage was greater in rural (96 percent) than the urban (87 percent). Savings in the form of jewels (60 percent), GPF (57 percent) and LIC (51 percent) were prevalent in the urban high income families. These methods were less prevalent among rural high income families.

The urban middle income, the prevalent method of savings were in the bank (77 percent), LIC and GPF (64 percent) and the same method of savings were seen among the rural middle income but the percentage of households differed. Saving in LIC was less than half of the households in the urban families.

Nearly 60 percent of the urban low income families saved in the banks followed by 48 percent of families saved each in LIC and GPF whereas nearly 60 percent of the rural low income saved in GPF followed by savings in the bank and chit fund. Savings in the chit fund was prevalent in 27 percent of urban and 25 percent of rural low income families.

Table 4.86 reveals the methods of saving by family size. Savings in the bank or in the post office account predominated in all sized families living in the urban and the rural areas. However, the percentage of households adopting these methods of savings were high in the urban area. Nearly 55 percent and 50 percent

TABLE : 4.36 METHODS OF SAVINGS BY FAMILY SIZE (Households in percent)

Methods of Saving	URBAN				RURAL			
	Small N.254	Medium N.138	Large N.72	Total N.514	Small N.146	Medium N.154	Large N.62	Total N.362
Bank	84.25	62.77	91.67	77.43	64.38	50.65	51.61	56.35
Chit fund	11.02	25.53	19.44	17.50	16.44	20.78	16.13	18.23
Hundial	1.57	--	--	0.78	2.74	1.30	--	1.66
Durable goods	5.51	5.32	5.56	5.45	1.37	9.09	12.90	6.63
Land/House	5.51	3.19	8.33	5.06	2.74	9.09	3.23	5.52
Jewels	37.01	32.98	61.11	38.91	4.11	10.39	16.13	8.84
LIC	48.82	54.26	77.78	54.86	15.07	31.17	19.35	22.65
GPF	53.54	53.19	83.33	57.59	58.90	53.25	54.84	55.80
Government Bonds	3.15	1.06	5.56	2.72	--	2.60	3.23	1.66

Percentage exceeds 100 due to multiple response

saved in LIC and GPF respectively in the urban small sized families whereas nearly 60 percent of rural small sized families contributed towards GPF and only 15 percent in LIC.

Medium sized families, living in the urban area, 63 percent saved in the bank and in the rural area it was only 51 percent. Fiftythree percent of both the urban and rural medium sized families saved in the GPF. Savings in LIC was prevalent in 54 percent of urban medium sized families and this seemed to be less in the rural households.

With regard to large sized families majority of the urban families saved in the bank (92 percent) GPF (83 percent) and LIC (78 percent) whereas savings in the GPF in 55 percent of rural families, followed by 52 percent in the bank were the common mode of savings.

In general, savings in the bank, GPF were the common methods of savings in the urban area and in the rural area. The introduction of compulsory GPF in the private and public sector helps many families to save. Otherwise many families would be deprived of savings.

4.11.2. Credit :

The privilege of using goods and services while paying for them at an additional cost has had a dynamic effect on the

family financial system. The family or the individuals' allocation of income, including that committed to debt, has an effect upon realizing both their immediate and their long-term financial goals and aspirations (American Home Economic Association, 1978). Debts play an important role in the financial system, and it has been recognized as part of financial management.

4.11.2.1. Frequency of borrowing :

Table 4.87 reveals the frequency of debts by family income. Sixty percent of urban household borrowed money only 'sometimes' and nearly one fourth borrowed money 'always'. In rural households borrowing 'sometimes' existed in 86 percent of households.

As the family income increased, the borrowing habit also increased in the urban households. The increase was from 56 percent in LIG to 67 percent in the urban high income families. Borrowing always increased as the family income decreased from 13 percent of urban high income families to 29 percent of low income families. The borrowing habits depicted different picture in the rural households. A majority of the middle income household borrowed followed by the low and high income families.

In general, at every income level greater percent of rural households borrowed than the urban households.

TABLE : 4.87 FREQUENCY OF BORROWING AND INCOME GROUP /
(Households in percent)

Frequencies	URBAN				RURAL			
	HIG	MIG	LIG	TOTAL	HIG	MIG	LIG	TOTAL
	N.92	N.140	N.140	N.372	N.38	N.148	N.178	N.364
Always	13.04	24.29	28.57	23.12	10.53	2.70	11.24	7.69
Sometimes	67.39	58.57	55.71	59.68	73.94	90.54	83.15	85.72
Rarely	19.57	17.14	15.72	17.20	10.53	6.76	5.61	6.59
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Table 4.88 gives the frequency of borrowing by family size. Borrowing sometimes existed in all family sizes both in the urban and the rural areas, although, the percentage of households in rural area were greater than the urban area. The corresponding figures ranged from 57 percent to 62 percent in the urban area and 81 percent to 90 percent in the rural area.

Borrowing 'always' increased in urban area as the family size increased from 19 percent small sized families to 31 percent of large sized families. In rural area 12 percent of medium sized families borrowed always and five percent of small and three percent of large sized families borrowed always.

4.13.2.2. Reasons for borrowing :

Table 4.89 depicts the reasons for borrowing by the family income. Irrespective of income and size majority of the urban (83 percent) and the rural (86 percent) household borrowed to meet emergency. Nearly one fifth of the urban and 13 percent of rural families borrowed to make buying easier. In urban households greater percent of low income families borrowed to meet emergency than the high and middle income families. Whereas in the rural area, majority of middle income (91 percent) and low income (88 percent) seemed to borrow than the high income families (58 percent). More or less the same percent of high

TABLE : 4.33 FREQUENCY OF BORROWING AND FAMILY SIZE

Frequency	URBAN			RURAL		
	Small N.170	Medium N.130	Large N.72	Small N.150	Medium N.154	Large N.60
						TOTAL N.364
Always	18.82	24.62	30.56	5.33	11.69	3.33
Sometimes	61.18	56.92	61.11	39.34	80.52	90.00
Rarely	20.00	18.46	8.33	5.33	7.79	6.67
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00

TABLE : 4.89 REASONS FOR BORROWING BY FAMILY INCOME/ URBAN AND RURAL (Families in percent)

BY

Reasons for borrowing	URBAN				RURAL			
	HIG	MIG	LIG	TOTAL	HIG	MIG	LIG	TOTAL
	N-92	N-142	N-145	N-372	N-38	N-148	N-178	N-364
To meet emergencies	82.61	80.00	87.14	83.33	57.89	90.54	87.64	85.71
To liquidate debts	2.17	2.86	5.17	3.76	5.25	1.35	2.25	2.20
Education of children	8.70	4.29	11.43	8.06	--	5.41	4.49	4.40
To make buying easier	13.04	10.00	20.00	19.89	--	12.16	16.85	13.19
To purchase daily needs	8.70	10.00	20.00	13.44	--	5.41	12.36	8.24
To extend business concerns	19.57	11.43	4.29	10.75	21.05	5.41	10.11	9.34
For festivals and ceremonies	13.04	22.86	8.57	15.05	10.53	--	2.25	2.20
To celebrate marriages of children	15.22	5.71	2.86	6.99	15.79	5.41	4.50	6.04
Agriculture	4.35	5.71	--	3.23	15.79	5.41	4.49	6.04
Renovation	--	--	1.43	0.54	--	--	--	--

Percentage exceeds 100 due to multiple response

income families residing in the urban and the rural areas borrowed to extend business concerns.

Table 4.90 represents the reasons for borrowing by family size. Majority of small sized families living in the urban area were motivated to borrow to meet emergency. More or less the same percent of small sized families living in the urban (14 percent) and rural (15 percent) area borrowed to make buying easier.

Medium sized families also saved for emergency. Less than one third of urban medium sized families borrowed for festivals and ceremonies and one fifth of the families to extend business concerns and these reasons were stated in lesser percent in rural medium sized families.

Large sized families borrowed to meet emergency in 69 percent of urban and 83 percent of rural families. One third of urban large sized families borrowed to purchase daily needs and one fourth to make buying easier whereas in rural areas, 13 percent to 17 percent of families seemed to borrow to celebrate marriage of children, to extend business concerns and to make buying easier.

4.11.2.3. Sources of borrowing :

Table 4.91 reveals the source of borrowing by family

TABLE : 4.90 REASONS FOR BORROWING BY FAMILY SIZE (Families in percent)

Reason for borrowing	URBAN				RURAL			
	Small N.170	Medium N.130	Large N.72	Total N.372	Small N.150	Medium N.154	Large N.50	Total N.364
To meet emergencies	34.71	39.23	69.44	33.33	33.00	33.33	33.33	35.71
To liquidate debts	3.53	3.03	5.56	3.76	2.67	1.28	3.33	2.20
Education of children	4.71	12.31	3.33	3.06	2.67	3.85	10.00	4.40
To make buying easier	14.12	9.23	25.00	19.99	14.67	11.54	13.33	13.19
To purchase daily needs	7.06	10.77	33.33	13.44	9.33	6.41	10.00	8.24
To extent business concerns	4.71	20.00	3.33	10.75	2.67	14.10	13.33	9.34
For festivals and ceremonies	9.41	29.23	2.78	15.05	--	3.85	3.33	2.20
To celebrate marriage of children	5.83	6.15	11.11	6.99	4.00	3.85	16.67	6.04
For agriculture	2.35	4.62	2.78	3.23	8.00	3.85	6.67	6.04
For renovation	1.18	--	--	0.54	--	--	--	--

TABLE : 4.91 SOURCES OF BORROWING AND FAMILY INCOME (Families in Percent)

Sources of Borrowing	URBAN				RURAL			
	HIG	MIG	LIG	TOTAL	HIG	MIG	LIG	TOTAL
	N.92	N.140	N.140	N.372	N.38	N.148	N.178	N.364
Retail credit in shops	2.17	5.71	25.71	12.37	--	6.76	6.74	6.04
Bank	65.22	15.71	11.43	26.34	73.68	37.84	17.98	31.87
Nidhi/Chit Fund	--	--	--	--	--	1.35	--	0.55
Life Insurance	21.74	17.14	4.29	13.44	--	4.05	5.62	4.40
Pawn Broker/Money lenders	19.57	11.43	14.29	14.52	5.26	9.46	13.48	10.99
Relatives and Friends	43.48	45.71	61.43	51.08	52.63	70.27	62.92	64.84
Instalment credit	2.17	4.29	5.71	4.30	--	--	1.12	0.55
Place of work	17.39	10.00	20.00	15.59	15.79	--	10.11	8.79

income. Irrespective of the area of residence, relatives and friends formed the major source of borrowing, although a greater percent of rural families (65 percent) used this source than the urban families (51 percent). Bank was the next source of borrowing money in 27 percent of the urban families while nearly one third of rural families used this source.

Income plays an important role in deciding the source of borrowing. As the family income increased, bank formed the major source of borrowing both in the urban and rural high income families than their counterparts.

Life insurance, pawn brokers or moneylenders and place of work were also used for borrowing by 17 percent to 22 percent of urban high income families, whereas in rural high income, none of them used life insurance and 16 percent borrowed from place of work and only five percent used pawn brokers and moneylenders.

'Relatives and friends' were the chief source of borrowing in 46 percent of urban middle income families and this source was greater in rural middle income families (70 percent).

In the urban middle income, bank, life insurance, and instalment credit were used to borrow money in 10 percent to 16

percent of families. In rural middle income nearly 40 percent used bank and the other sources were used very meagerly.

More or less the same percent of urban and rural low income families borrowed from friends and relatives. One fourth of the urban low income families practiced retail credit in shops whereas only seven percent of rural families practiced this method. 'Place of work' was the source used by one fifth of the urban low income and only one tenth was used by rural low income families and bank was used as reversibly.

Table 4.92 reveals the sources of borrowing by family size. Relatives and friends were the source of borrowing in nearly 53 percent of urban small sized families and 71 percent in rural small sized families followed by banks in 27 percent of families in urban area and 31 percent in rural area.

Similar trend were observed in the medium sized families living in the urban and rural areas also. Nearly 40 percent of urban large sized families borrowed from relatives and friends followed by the sources such as place of work and pawn brokers or moneylenders in 25 percent of families.

In rural households, majority of large sized families (67 percent) used relatives and friends as the chief source of borrowing followed by banks (23 percent).

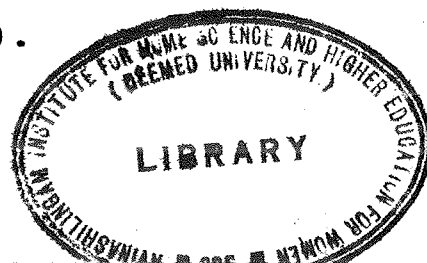


TABLE : 4.92 SOURCES OF BORROWING BY FAMILY SIZE (Households in percent)

Sources of borrowing	URBAN				RURAL			
	Small N.170	Medium N.130	Large N.72	Total N.372	Small N.150	Medium N.144	Large N.60	Total N.354
Retail credit in shops	7.06	15.38	19.44	12.37	8.00	5.19	3.33	6.04
Banks	27.06	27.69	22.22	25.27	30.67	36.36	23.33	31.87
Nidhi/Chit funds	--	--	--	--	1.33	--	--	--
Life Insurance /GPF	14.12	12.31	13.89	13.44	1.33	6.49	6.67	4.40
Pawn Brokers/Money Lenders	10.59	13.85	25.00	14.52	6.67	12.99	16.67	10.99
Relatives and Friends	52.94	55.38	38.89	51.08	70.67	58.44	66.67	64.84
Instalment credit	4.71	--	11.11	4.30	1.13	--	--	0.55
Place of work	10.59	16.92	25.00	15.59	8.00	9.09	10.00	8.79

4.12. Family possession :

Family's economic position is not only judged by the flow of current income alone but also by the family assets. Family households assets such as properties in the form of house, land, business investment, stocks and shares and live stocks and durable goods like furniture, recreational equipment, kitchen equipment and utensils, transport facilities, agricultural equipment and other valuables were assessed in terms of money value.

4.12.1. Value of family properties :

Table 4.93 indicates the value of family possession by family income. Nearly one fourth of the urban families had rupees one lakh to five lakhs worth of family possession whereas in the rural families had Rs.10000 to 25000 worth of family possessions. Forty four percent of high income families possessed rupees one lakh to five lakhs worth of properties by followed/27 percent of families had Rs.50,000 to one lakh. In rural high income 42 percent of families possessed one lakh to five lakhs value worth of family possessions, followed by one fourth of the families having five lakhs and above worth of the family possessions.

In the urban middle class family, 26 percent of families

TABLE : 4.93 VALUE OF FAMILY POSSESSION BY FAMILY INCOME (Families in Percent)

Value of family possession	URBAN				RURAL			
	HIG	MIG	LIG	TOTAL	HIG	MIG	LIG	TOTAL
	N.248	N.182	N.176	N.606	N.62	N.176	N.198	N.436
Below Rs.5000	--	7.69	36.36	12.87	--	1.14	24.24	11.47
5000-10000	0.81	7.69	18.18	7.92	--	7.95	27.27	15.60
10000-25000	2.42	18.68	25.00	13.86	--	27.27	26.26	22.94
25000-50000	11.29	17.58	12.50	13.53	16.13	21.59	13.13	16.97
50000-1 lakh	26.61	26.37	7.50	21.12	16.13	26.14	9.10	16.97
1 lakh - 5 lakhs	44.35	19.78	--	24.09	41.94	14.77	--	11.92
5 lakhs and above	14.52	2.20	--	6.60	25.80	1.14	--	4.13
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

possessed Rs.50000 to one lakh worth of family possession followed by 20 percent had rupees one lakh to five lakhs worth. In rural middle income families, 27 percent had Rs.10000 to 25000 followed by 26 percent having 50000 to one lakh.

In urban low income families, more than one third of families had only below Rs.5000 worth of family possession, followed by one fourth of family, the value of family possession exceeded Rs.10,000 but limited to Rs.25000. In rural low income families, the family possession was distributed between below Rs.5000 to upto 25000 in more or less the same percent of families (24 percent of 27 percent).

In general, it can be concluded that as the family income increased the value of family possession also increased both in the urban and rural families.

Table 4.94 reveals the value of family possessions by family size. Nearly one fourth of the urban small families each possessed one lakh to 5lakhs and 50,000 to one lakh worth of family possessions. In contrast, nearly one fourth of the rural small sized families each had only Rs.10000 to Rs.25000 and Rs.5000 to Rs.10000 worth family possessions.

Nearly 30 percent of urban medium families were more prosperous possessing one lakh to 5 lakhs worth of family

possession, followed by one fifth of the families had Rs.50000 or one lakh worth of possessions. Their counterparts in rural areas possessed Rs.10000 to one lakh in 21 to 24 percent of families.

Twenty percent of urban large sized families possessed Rs.50000 to Rs.10000 followed by 16 percent of each possessing both the extremes of Rs.one lakh to 5 lakhs and above and also below Rs.5000. Nearly one fourth of the rural large sized families had Rs.10000 to Rs.25000 and 19 percent Rs.5000 to Rs.10000 value of family possessions.

safely

It can be/ concluded that every family size, urban families seemed to possess more value of family possessions than the different sized families living in rural areas. However, we should also consider the increased value of materials including immovable properties in urban area than in rural area.

4.12.2. Value of clothing possessions :

Clothing symbolises a status in a society. However the current expenditure does not reveal the true picture of the value of clothing one possess. Therefore, it was decided to collect information about the value of clothing owned by the family members.

Table 4.95 reveals the value of clothing in the urban

and the rural areas. Nearly one fourth of the urban sample possessed between Rs.1000 to Rs.2000 and below Rs.1000 value of clothing. In the rural areas, greater percent of families possessed the same range of value of clothing. However, the mean value of clothing was high in the rural areas upto Rs.3000-Rs.4000 range than in the urban areas. Not much of difference was seen in the value of range of Rs.2000-3000 and Rs.4000-5000. However the mean value of clothing was greater in the urban households than the rural areas. In other higher ranges of Rs.3000 to Rs.4000 and Rs.5000 and above, 14 percent and 20 percent of urban households possessed clothing and these were less in the rural areas.

Family income plays an important role in the value of clothing possessions. Table ^{4.95} represents the value of clothing by family income. As the family income increased, the value of clothing possessed also increased both in the urban and the rural families. However greater percent (42 percent) of urban high income possessed Rs.5000 and above the value of clothing followed by 30 percent possessed between Rs.3000 to Rs.4000 whereas in rural high income families, 26 percent of each families possessed between Rs.5000 and above and Rs.3000 to Rs.4000.

TABLE : 4.95 VALUE OF CLOTHING BY FAMILY INCOME - PERCENTAGE OF FAMILIES

Value of Rupees	URBAN				RURAL			
	HIG	MIG	LIG	TOTAL	HIG	MIG	LIG	TOTAL
	N.248	N.182	N.176	N.606	N.62	N.176	N.198	N.436
Below 1000	--	17.58	60.23	22.77	--	19.32	39.39	25.69
1000-2000	4.08	39.56	35.23	23.76	6.45	44.32	49.49	41.28
2000-3000	19.30	29.67	3.40	17.82	22.58	28.41	9.09	18.81
3000-4000	29.84	4.40	1.14	13.86	25.81	5.68	2.03	6.88
4000-5000	4.84	2.20	--	2.64	19.35	2.27	--	3.67
5000 and above	41.94	6.59	--	9.14	25.81	--	--	3.67

Not much difference was seen in the families of urban and rural middle income families in the value of clothing. Forty percent of urban medium families followed by 30 percent of urban families possessed Rs.1000-Rs.2000 and Rs.2000-3000 value of clothing respectively. In rural households, it was 44 percent, followed by 28 percent possessed the same range of clothing. Seven percent of urban medium possessed Rs.5000 and above value of clothing whereas none of the rural families had such a high possession of clothing.

It is surprising to note that the rural low income families possessed higher value of clothing than the urban low income families. It was indicated by the majority of urban families possessing below Rs.1000 value of clothing and 50 percent of rural low income families having Rs.2000-Rs.3000 value of clothing. Their value of clothing did not increase above Rs.4000 both in the urban and the rural areas.

Table 4.96 presents the value of clothing by family size. As the family size increased the value of clothing also increased in the urban families. Nearly 30 percent of large sized families possessed Rs.5000 and above value of clothing than 23 percent of medium sized families and 14 percent of small sized families. In rural areas, 43 percent of large sized and medium sized families and 39 percent of small sized families possessed between Rs.1000-

TABLE : 4.96 VALUE OF CLOTHING BY FAMILY SIZE

Value of clothing	URBAN				RURAL			
	SMALL N.296	MEDIUM N.212	LARGE N.98	TOTAL N.606	SMALL N.184	MEDIUM N.178	LARGE N.74	TOTAL N.436
Below 1000	27.03	17.93	20.41	22.77	39.13	14.61	18.92	25.69
1000-2000	25.01	25.47	16.33	23.76	39.13	42.70	43.24	41.28
2000-3000	19.59	18.87	10.20	17.82	10.87	26.97	18.92	18.81
3000-4000	12.16	15.09	16.33	13.86	6.53	6.74	8.11	6.88
4000-5000	2.70	--	8.16	2.64	2.17	4.49	5.40	3.67
5000 and above	13.51	22.64	28.57	19.14	2.17	4.49	5.41	3.01

Rs.2000 value of clothing.

In general, small sized families, possessed lesser value of clothing item than the large sized families both in the urban and the rural values. This might be due to the more number of persons in the large sized families.

4.13. Housing :

Housing is one of the necessities of life. Good housing contributes to health, efficiency and productivity of the household and thereby the society. Together, they reflect the level of economic development of a society. Inadequate housing is a disadvantage for any age group, it is a critical factor for the low income groups (Crocker, 1970).

4.13.1. Tenure :

Table 4.97 reveals the tenure, type and condition of the structure of dwellings in the urban and the rural areas. In the urban areas only 39 percent of the families seemed to have living quarters of their own. A majority (59 percent) were subjected either to the trials and tribulations of renting at high prices or even when protected by rent control or to disputes with landlords, among whom many are unwilling to abide by rent

TABLE : 4.97 TENURE, TYPE AND CONDITIONS OF THE STRUCTURE OF
DWELLINGS IN THE URBAN AND THE RURAL AREAS
(Families in Percent)

Housing Conditions		URBAN N.606	RURAL N.436	TOTAL N.1042
<u>TENURE</u>	Owned	39.27	72.48	53.17
	Rental	59.08	27.52	48.87
	Free	1.65	--	0.96
	TOTAL	100.00	100.00	100.00
<u>TYPE</u>	Kutcha	5.61	19.72	11.52
	Pucca	71.95	75.22	73.32
	Semi-Pucca	22.44	5.06	15.16
	TOTAL	100.00	100.00	100.00
<u>CONDITION OF THE STRUCTURE</u>				
	Excellent	54.13	51.38	52.98
	Fairly good and needs no repair	39.60	46.33	42.42
	Bad dilapidated and improvised	6.27	2.29	4.60
	TOTAL	100.00	100.00	100.00

originally fixed. Thus higher rent inhibits the purchasing capacity on the other items of expenditure which in turn, adversely affects the health of the family members. By contrast, one significantly favourable feature in rural area is, that 72 percent of households lived in their own houses.

4.13.2. Type of house :

Pucca houses predominated both in urban (72 percent) and rural (75 percent) areas. However, a majority of the pucca houses in the rural areas was only tiled houses, whereas in the urban areas they were terraced. Next to pucca houses, 22 percent of the urban families lived in semi-pucca, while 20 percent of the rural/occupied kutcha houses.

4.13.3. Condition of the structure of the houses :

Table 4.97 reflects surprisingly good conditions of the housing, irrespective of their location. Fifty four percent of the urban and 51 percent of rural households lived in 'excellent' houses. The houses occupied by the 40 percent of urban families and 46 percent of rural families were 'fairly good and needed no repair'.

Only six percent of the urban and two percent of the rural households lived in 'bad, dilapidated and improvised houses. The findings reveal the importance given to shelter by the people

next to food. The housing conditions of the sample are surprisingly better than the conditions prevailing a decade ago. The effort taken by the government involving many housing schemes have facilitated many families to live in better housing conditions than a decade ago.

4.13.4. Number of rooms:

Table 4.98 reveals the number of rooms available for a family. Housing is often assessed in terms of the rooms occupied. According to this study, about one third of urban sample have houses with more than three rooms, 28 percent and 24 percent of households occupied houses with three rooms and two rooms respectively.

In the rural area 48 percent of households lived in two rooms and 23 percent of families lived in 'three rooms' accommodation.

4.13.5. Area of the house :

Table 4.99 indicates the area of the house available to a family in the selected samples/ on an average. Seventy two percent of the households had not more than 27 squaremeter of living space per household while 17 percent of households living in 66 square metre space. Only 11 percent of households lived in spacious

TABLE : 4.98 NUMBER OF ROOMS PER FAMILY (Families in
Percent)

Number of Rooms	URBAN N.606	RURAL N.436	TOTAL N.1042
One	14.52	18.35	16.12
Two	24.43	48.17	34.36
Three	28.05	22.93	25.91
Three and above	33.00	10.55	23.61

TABLE : 4.99 AREA OF HOUSE PER FAMILY (Families in Percent)

Area of the house in square meters	URBAN N.606		RURAL N.436		TOTAL N.1042	
	Families %	Mean Area in sq.m.	Families %	Mean Area in sq.m.	Families %	Mean Area in sq.m.
Below 50	72.3	28	71.6	26.7	72.0	26.7
50-100	15.8	60	19.7	71.2	17.5	65.6
100-150	6.5	124	5.5	118.9	6.1	122.5
150-200	2.6	165	0.9	155.0	1.9	160.0
200 and above	2.6	311	2.3	318.8	2.5	315.0

building where the mean area ranged more than 100 square metres. Irrespective of the area of residence, 72 percent of urban and rural households lived in 28 square metre of living space. However, 16 percent of urban and 20 percent of rural household had 60 and 71 square metres of living space respectively.

4.13.6. Area per person :

A 'living room' as per the standard specifications of the National Building Organisation, is defined as one in which floor space is atleast four square metres enclosed by walls from floor to ceiling, with a door and roof with its height, from floor to ceiling atleast two metres (NSS, 1958).

The per capita floor space available in this study is given in table 4.100. While the estimated floor space per person in the urban and rural areas was about 11 square meters and eight square metres respectively, 15 percent of the households in the urban areas had less than two square metres of living space per person and the corresponding figure for the rural areas was 12 percent. Fifty five percent of person both in the urban and the rural households occupied eight and seven square meters respectively. Thus a majority of the selected urban and rural families occupied space more than the specification given by the National Building Organisation.

TABLE : 4.100 PERCENTAGE DISTRIBUTION OF FAMILIES AS PER AREA OF THE HOUSE PER PERSON
(Families in percent)

Area of the house per person in square meters	URBAN N.606		RURAL N.436		TOTAL N.1042	
	Percentage	Mean Space	Percentage	Mean space	Percentage	Mean Space
Below 4	14.52	2.02	16.06	2.78	15.16	2.36
4-12	55.12	7.52	55.50	7.12	55.23	4.66
12-20	17.49	13.69	17.09	15.21	17.66	14.33
20-28	4.62	21.29	4.59	23.10	4.61	22.02
28 and above	8.25	42.84	5.96	58.54	7.29	48.21
Total Average	100.00	11.35	100.00	8.11	100.00	10.00

4.13.7. Water supply :

Table 4.101 represents the water supply in urban and rural areas. In the urban areas, household tap seemed to be the main source of drinking water, for 71 percent of the households, followed by community tap (17 percent). The main source of water supply in the rural areas were the household tap (22 percent), community tap (21 percent) and well (21 percent).

4.13.8 Sanitary condition :

Table 4.102 reveals the sanitary condition in the selected urban and rural families. Majority of both the urban (77 percent) and the rural (62 percent) household had individual bathroom facilities. However, a majority of the rural households had only improvised bathroom built by locally available material. The households using common community bathrooms were 19 percent in the urban area and 10 percent in rural area. More than a quarter of households (28 percent) in the rural area and less than five percent in urban area did not have any bathroom facilities.

Regarding lavatory facility, a majority of the urban families (68 percent) used flush out, whereas rural families used open ground (74 percent).

4.13.9. Lighting and Fuel :

Table 4.103 gives lighting and fuel used in the selected

TABLE : 4.101 WATER SUPPLY IN URBAN AND RURAL AREAS

Sources of Water Supply	URBAN N.606	RURAL N.436	TOTAL N.1042
Household tap	70.96	22.02	50.48
Household Well	5.94	15.60	9.98
Household tube well	1.32	8.26	4.22
Community tap	17.49	21.10	18.81
Community Well	1.65	20.18	9.60
Community Tube Well	2.60	12.84	6.91
TOTAL	100.00	100.00	100.00

TABLE : 4.102 TYPE OF BATHROOM AND SANITARY CONDITION IN THE
URBAN AND RURAL AREAS (Families in percent)

Sanitary Conditions	URBAN N.606	RURAL N.436	TOTAL N.1042
<u>1. Bath Room</u>			
in individual use	77.23	61.47	70.64
Common bath room	18.81	10.09	15.16
No bath room	3.96	28.44	14.20
Total	100.00	100.00	100.00
<u>2. Lavatory Facility</u>			
Flush	67.66	13.30	44.91
Septic tank	2.97	8.72	5.37
Bucket	12.21	3.21	8.45
Pit	0.66	0.46	0.58
Public	6.93	--	4.03
Open ground	9.57	74.31	36.66
Total	100.00	100.00	100.00

sample. Both in the urban and the rural areas, most of the people used electricity for lighting purposes, although the percentage was greater in urban (89 percent) than in rural areas (76 percent). The use of kerosene for lighting is still existed in 23 percent of rural households and 10 percent of urban households. The utilisation of oil lamp was almost negligible.

Rural electrification has improved lighting facilities in the rural areas. It is evident from the survey that remarkable improvement has taken place at present than a decade ago.

In the urban areas more than one third of the households utilised kerosene (37 percent) and gas (35 percent) followed by a little more than one fourth of the households used firewood as fuel for cooking.

In the rural areas comparatively a greater percentage of households used firewood (92 percent) and only a few percent used kerosene (6 percent). The availability of firewood at a cheaper rate as well as availability of agricultural waste free of cost is evident. Gobar gas plant has been installed by two percent of affluent landlords with the help of KVIC (Khadi Village Industry Corporation)

4.13.10. Ventilation and drainage :

Table 4.104 reflects the ventilation and drainage

TABLE : 4.104 TYPE OF VENTILATION AND DRAINAGE IN THE
URBAN AND RURAL AREAS

Ventilation and drainage	URBAN N.606	RURAL N.436
<u>Ventilation</u>		
Ventilation is good	76.09	79.36
Windows and doors should be added	11.20	16.51
Ventilation is poor	11.20	4.13
<u>Drainage</u>		
Drainage closed	37.00	13.30
Drainage opened	55.00	50.46
Drain water is let out	8.30	36.24

facilities available to the selected families. Majority of the urban (76 percent) and rural households (79 percent) lived in houses where ventilation was good. Regarding drainage facilities majority of the urban (55 per cent) and the rural (50 percent) had open drainage system. Comparatively greater percent of urban households had (37 percent) closed drainage system than their rural counterparts (13 percent). Drain water was let out by greater percentage of the rural households than the urban households.

4.14. Socioeconomic status and standard of living :

Every household is a part of social and economic system and a family has many different positions in a society. Socio-economic status of families play a significant role in determining the use of family's resources. The determination of a status of any family demands great care in the selection of indices chosen to assess the status. The demographic features used in this research studies to measure the socio-economic status are occupation and education of the head of the family, size, type, income and expenditure housing conditions and possessions of the family.

The socio-economic status and standard of living of families in the rural and the urban areas were judged by the

socio-economic status scale formulated by the above cited components. Scores were assigned for the variations under each component. Based upon the sum of scores, social classes were designated (Appendix III). A family getting the maximum score of above 75 was classified as I class and associated with high standard which can be considered as luxurious standard of living. Family scores ranging between 50 to 75 and between 25 to 50 were categorised under II and III classes respectively. The second class was related to comfortable living and III class the minimum subsistence standard. The other families getting below 25 scores were assumed to live in a poverty standard of living.

According to the devised SESS scale 50 percent of urban families lived in comfortable standard of living and 41 percent live in luxurious standard of living. In the rural families 61 percent were living comfortably and 33 percent were living in minimum subsistence standard. In general 54 percent of the selected population lived comfortably and one fourth of the sample were fortunate to enjoy higher standard of living (Table 4.105). Income is one indicator of standard of living of people, and it indirectly reflects the peoples ability to have modern amenities of life with increased income levels. Higher

TABLE : 4.105 SESS SCALE - BY FAMILY INCOME

Scores	URBAN				RURAL			
	HIG	MIG	LIG	TOTAL	HIG	MIG	LIG	TOTAL
	N.248	N.182	N.176	N.606	N.62	N.176	N.198	N.436
Above 75	66.94	40.66	3.41	40.60	45.16	1.14	--	6.88
50 - 75	31.45	56.04	68.18	49.50	54.84	79.55	45.45	60.55
25 - 50	1.61	3.30	28.41	9.90	--	19.32	54.55	32.57
below 25	--	--	--	--	--	--	--	--
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

the income higher the standard of living had been proved in this study. Majority of the urban high income (67 percent) enjoyed a higher status and standard of living than the middle and low income families. In the rural areas, 55 percent of rural high income families lived comfortably followed by 45 percent enjoyed higher standard of living.

Family size plays an important role in maintaining the living standard. Table 4.106 reveals the SESS scale by family size. Nearly 50 percent of urban small ~~sized~~ families lived in higher standard and 46 percent lived comfortably. In rural areas majority of rural small sized families lived comfortably.

Fifty eight percent of urban medium sized families lived comfortably and 32 percent led luxurious living. In rural areas, 65 percent of medium sized families were living comfortably and only 8 percent were in ~~luxurious~~ standard.

Forty three percent of large sized families lived comfortably and 35 percent of families led luxurious life whereas in rural areas majority of large sized families lived in minimum standard.

To conclude, urban families live in a better standard than the rural families. High family income and small sized families favours better standard of living.

4.15. Formulation of Family Budgets for different income groups and family sizes in urban and rural areas :

A satisfactory budget assures atleast a minimum standard of living in terms of adequate food, shelter, clothing and other necessities. The adequacy of food is tested by meeting calories and proteins and other nutrients recommended by the Indian Council of Medical Research (ICMR) and of housing in terms of the space specified by the National Building Organisation (NBO) and of clothing by the family practices that is the modal value of the amounts of clothing bought at various income levels and of other items included in the budget by the modal value of the items concerned.

However, the quantities of foods included were fixed at the point where the ICMR requirements and the consumption practices of families with adequate diets mostly agreed.

A statistical means of determining what level of consumer spending should be selected was devised. The amounts of a particular commodity bought at various income levels were charted. The point at which consumers did not increase the amounts bought in proportion to the increase in their income was used as the budget level for that commodity.

Hence the family budget suggested as model was based on lists of goods and services that reflected the manner of living and family choices of selected families in the high, middle and low income levels which manifested healthy and adequate living at 1980-1981 price levels in Tamil Nadu.

Each budget thus given has been verified again to ensure that it provides for meeting the nutritional requirements and other needs to enable the family to live adequately. The ICMR has suggested balanced diets for adults doing different types of work heavy, moderate, and sedentary. For the purpose of the study, the recommendations for moderate workers, male and female and vegetarian were considered.

The cost of the food items were based on the minimum price level for low income groups, medium price level for middle income and liberal cost which ensured quality consumption besides quantity for high income families (Appendix IV)

The reference small sized family is made up of a 40 year old husband employed full time, a wife 35 year old, not employed outside the home, a boy 12 years old and a girl eight year old.

The medium sized family of five, consisting of husband 42 years old, wife not gainfully employed and 4 children, a 15

year old boy, 12 year old boy, a 10 year old girl and 5 year old girl.

The large sized family of seven consisting of husband 48 year old, wife not gainfully employed and five children - a 18 year old boy, a 15 year old boy, a 12 year old girl, a 10 year old girl and an eight year old girl.

4.15.1. Budget for Low Income Families - URBAN

Table 4.107 gives the Budget for low income families in three family sizes. The amounts of cereals and pulses and the other nutrients recommended for the specific families and their cost were calculated (Appendix V). Rupees 348 was needed to satisfy the nutritional needs of the family of four living in the urban area, for the same type of family and income, the rural families require only Rs.270. This difference was attributed to the variations in the existing price level.

The total family income amounts to Rs.600. Hence the remaining amount of Rs.252 in the urban and Rs.330 in the rural are distributed to the other items of expenditure.

The urban low income medium sized family with six members need Rs.420 and the rural Rs.384 for food. The other items of expenditures are adjusted within Rs.180 in the urban and Rs.216

in the rural area.

The urban low income large sized families need the major portion of their income to meet the nutritional standards. Hence, these particular families should carefully distribute the remaining amount to the other pressing needs within Rs.108 in the urban and Rs.113 in the rural area. Hence, in the model budget medium, and large sized families are assumed to use more free facilities available for education, health, to live in thatched houses and do more of household activities by themselves and even pick fuels free of cost. The families living in the rural area can live comfortably with the same income as in urban area. However, the family income in rural area is always inadequate.

It is necessitated that the low income families with large family size have to forego the other needs to meet the nutritional requirements. Hence, for such type of families before suggesting balanced budgets, income generating activities should be suggested.

The suggested budget satisfies only the nutritional norms. In order to balance the budget, income generating activities - such as kitchen gardening, tailoring, craft, poultry keeping, bee keeping, sericulture and cattle breeding,

suited to the resource available and the environment should be adopted in order to augment the family income.

4.15.2. Budget for Middle Income Families :

Table 4.108 gives the developed budget for middle income families in three family sizes. As recommended by the ICMR the nutrients required were calculated. According to the modal price the small family needs Rs.408, medium Rs.540 and large Rs.696. As the family size increases the families consume major portion of their income in buying food. However, the suggested budget satisfies the other items of expenditure also.

4.15.3. Budget for High Income Families :

Table 4.109 gives budget for high income families. The ICMR recommendations were translated into money expenditure by using liberal food cost. In this higher level of ^{income} quality consumption is ensured besides quantity.

The amount required to buy the recommended allowances in terms of cereals, pulses and other food items for small Rs.600, medium Rs.700 and large Rs.800 for urban families for the rural families the amount required for small is Rs.420, for medium Rs.600 and for large Rs.780 for a month. The remaining amount has been distributed to the non food items adjusting the modal value wherever necessary.

TABLE : 4.108 MODEL BUDGET FOR MIDDLE INCOME FAMILIES OF DIFFERENT SIZES - Rs.1200.00/-

Items of Expenditure	URBAN						RURAL					
	Small		Medium		Large		Small		Medium		Large	
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
Food	408	34	540	45	696	58	384	32	504	42	672	56
Clothing	120	10	132	11	132	11	156	13	144	12	156	13
Shelter	192	16	144	12	120	10	72	6	72	6	60	5
Housekeeping expenses	96	8	108	9	96	8	72	6	72	6	60	5
Personal care	24	2	36	3	24	2	36	3	48	4	48	4
Transport	36	3	36	3	24	2	36	3	48	4	48	4
Education	24	2	36	3	12	1	36	3	36	3	48	4
Health care	12	1	12	1	--	--	24	2	24	2	24	2
Miscellaneous	96	8	48	4	36	3	84	7	84	7	48	4
Savings	192	16	108	9	60	5	300	25	168	14	36	3
TOTAL	1200	100	1200	100	1200	100	1200	100	1200	100	1200	100

TABLE : 4.109 MODEL BUDGET FOR HIGH INCOME FAMILIES OF DIFFERENT SIZES - Rs. 2000.00/-

Items of Expenditure	URBAN			RURAL		
	Small Rs.	%	Medium Rs.	Large Rs.	Small Rs.	Large Rs.
Food	600	30	700	35	800	40
Clothing	200	10	220	11	240	12
Shelter	300	15	320	16	320	16
Housekeeping expenses	180	9	160	8	140	7
Personal care	60	3	40	2	40	2
Transport	80	4	100	5	100	5
Education	80	4	100	5	100	5
Health care	40	2	60	3	60	3
Miscellaneous	160	8	100	5	60	3
Savings	300	15	200	10	140	7
TOTAL	2000	100	2000	100	2000	100

4.16. SUGGESTIONS FOR THE 'BUDGET' ASPECTS OF THE HOME SCIENCE CURRICULUM

Home Science is a discipline which embraces all aspects of good living and helps the individual to emerge successfully at personal and professional levels, as worthy citizens and members of their families and communities.

Curriculum development in budgeting aspects is one of the objectives of this study. This was undertaken to provide an opportunity to school and college teachers and the administrators who are responsible for designing and introducing new frame for curricula to examine the various course outlines and strengthen them in the 'budget' components.

Students in high schools are adolescents. They need to be guided towards maturity in mental and emotional developments. Many of them may not have the opportunity to continue their studies beyond the secondary stage and may enter family life. Problems in home and family living are many and varied, ranging from housekeeping to mismanagement of money. Many families break due to inefficient money management.

Furthermore students of today are the leaders of tomorrow. Hence, it is essential that the curricula in the schools,

colleges and universities include family budget in some form or other to benefit the students so that they can lead happier and more contented lives inspite of the rising prices.

Education consists of the teaching and learning process and the acquisition of adequate knowledge and the necessary attitudes and skills. Therefore, the Home Science curriculum should be based on knowledge attitudes and practices related to budget for appropriate utilisation in the betterment of family life.

Education on 'Budget' is an important area in Home Science taught in schools and colleges, to enable the students understand the basic principles of money management as applicable to daily life.

Sound money management practices such as planning, controlling and evaluating the expenditure in order to provide adequate diet, clothing, shelter, education and other needs for all family members under different circumstances should form integral part of curriculum, in Home Science suited to the age of the learners. They should be presented to children in a simple form which they can understand and follow. At the time of modernization of Home Science curriculum is necessary in order to link education to productivity and to development. In

view of the rural-urban differences and in view of the importance of developing unity in diversity, a common core curriculum should be developed in budget aspect of Home Science with provision for adding or modifying the same according to local conditions and the needs and aspirations of the learners.

4.16.1. Syllabus for Higher Secondary Schools :

The objectives of the budget syllabus are:

To help the students understand the importance of Planned budget and ways and means of gearing it to available resources and to prepare the students for the emerging new styles of living resulting from new environmental situations, due to the impact of outside economic forces on the local community.

4.16.2. The basic structure of money management practices :

Review of relevant literature reveals that money management practices are structured within three main questions concerned with

Family income - type of income

Family expenditure - income management

How is it utilised? and How it affects?

Each main question can be broken down further into component parts which can be developed in the fashion of a spiral

curriculum suited to the present need and environment. Ideas and principles can be introduced and studied at a simple, concrete level as the children move up through high school to college. Older children and adults who have not had the opportunity for schooling may be introduced to Home Science using a process similar to non-formal education.

Education on family budget for the younger generation is an investment which will pay rich dividends in the later life. The syllabi presented in this study have been formulated after a year spent largely in the observation and collection of data on family budgets in the rural and the urban areas of Tamil Nadu. Based on this experience the following syllabus is recommended for the higher secondary schools and colleges.

Higher Secondary Schools :

- a) Sources of income - salary, wages, rent, interest, dividends and shares.
- b) Money income - real income - and psychic income - differences.
- c) How to augment family income (1) rural - use of locally available resources - kitchen gardening, poultry keeping - coir products, bee-keeping, sericulture - dairy, tailoring
(2) urban - sewing - drawing - painting - knitting - doll making - artificial flowers - kitchen gardening -

poultry keeping - making wire baskets.

d) The spending of money :

Factors affecting the cost of goods

- a) Quality of the product
- b) Availability
- c) Locality
- d) Cost of advertising
- e) Volume of sales
- f) Locally produced versus imported goods
- g) Cash or credit purchase
- h) Form in which the product is sold
- i) Quantity of purchase.
- j) Plain versus fancy packaging

How these help a family to minimize spending in the family by wise selection.

Buying to get the most for the money spent

- a) Rules for buying food
- b) Ways of making money go further
- c) by taking care of belongings
- d) by avoiding waste
- e) by production for own needs
- f) by doing all the work at home.

Planning the use of family income

- a) Importance of family goals
- b) Setting family goals - short term - long term goals
- c) Incorporating family goals in planning the expenditure
- d) who should do the planning?
- e) Keeping accounts - methods of account keeping - devices
used - uses of accounts in improving money management
practices
- f) Previous spending as a guide.

Items of Expenditure :

- a) Food
- b) Housing & housekeeping expenses
- c) Fuel and light
- d) clothing
- e) Personal hygiene
- f) Health - medical care
- g) Transportation
- h) Furniture and equipment
- i) Education
- j) Recreation
- k) Taxes and dues
- l) Savings

Putting the spending plan on paper

Savings : Importance of savings - methods of savings - different methods of savings suited to the different groups living in urban and rural area - suitable methods of savings for children from five years onwards.

Thrift and savings in the family economy.

PRACTICAL :

1. Maintaining kitchen garden - keeping record of income earned by the home production
2. Making toys, paper flowers, wire basket, bead bag, wealth from waste etc and calculating the market value
3. Maintaining family expenditure for one month and evaluating the expenditure to improve the succeeding plans.
4. Studying the small savings scheme available in their locality
5. Maintaining family expenditure for one month and evaluating the expenditure to improve the succeeding plans
6. Analysing various income and expenditure pattern.

Syllabus for College Level :

Objective of the syllabus for the college students are :

To develop desirable attitudes to implement better living by developing skills in planning the use of resources available to the family for the optimum achievement of family goals

To bring about optimum development of the family finance through application of family budget.

To help the students understand the use of leisure profitably for productive activities such as preserving food items, raising kitchen gardens, spinning etc.

To develop in pupils managerial principles in the economical use of available resources, developing skills in money management practices to help them meet the various demands of family life.

Family goals :

Reviewing the goals in small, medium, large sized families, low, middle and high income groups and different family life cycle in rural and urban areas - steps taken to satisfy family goals.

Budget :

Definition - Importance of family budget - techniques of budgeting - factors affecting budget - Items of budget - reasons for budgeting and not budgeting the family income.

Account keeping :

Importance of accounts - methods of account keeping - mental and mechanical devices used to control the plan in action.

Decision making practices :

Factors influencing decision making practices and how it influences the family budget.

Evaluation :

Evaluating the expenditure in terms of family goals - net worth statement and inventory method.

Financial management practices :

Family with fluctuating income groups in rural and urban areas.

Ways and means of balancing budget :

Enhancing family income - kitchen garden -poultry keeping - tailoring and craft - sericulture - and other home productions

Minimizing expenditure on household work

Ways of making money go further - under each item of expenditure.

Effect of family size on money management practices.

Savings :

Methods of savings in the urban and rural area - relation between family goals and savings.

Credit :

Place of credit in money management practices - types of credit facilities available in the urban and rural areas.

PRACTICAL :

Study of various budget practices - critically analysing them to improve them further - fluctuating income groups - seasonal workers - salaried groups.

Analysing the existing account keeping practices

Analysing defecit budget and rectifying it

Developing different methods of approach to teach

financial management - for different income groups - rural and urban.

Evaluating the government programme in enhancing family income through food production and subsidiary occupations.

Analysing the effect of family size on money management.

Studying different methods of savings existing in different income groups in the urban and rural areas.

4.17. SUGGESTIONS TO EXTENSION WORKERS TO TEACH
MORE REALISTICALLY THE WAYS OF DISTRIBUTING
THE FAMILY INCOME AMONG COMPETING WANTS

*Providing Education for one destitute person brings greater blessings than building ten thousand temple or establishing a thousand choultries for free feeding of the poor"- Subramamania Bharathi.

Many families lack the ability, knowledge and skills required to cope successfully with economic changes and crises. This lacuna is particularly oppressing the rural families.

The task of improving the socio-economic conditions of rural families is the challenge to the extension workers. They need to take modern technologies and scientific innovations to the rural families to help them spend their money judiciously, reduce drudgery and ensure themselves better standards of living. Implementing the plans at the grass root level is imperative for success. The most effective worker in this crusade is the Gramsevika - village level worker. She has been trained in the skill needed to help the low income small farmers, farm labourers, and rural families to raise their incomes and improve their standards of living. They must be taught to do more with less through thrift, saving, avoidance of waste, efficiency and appreciation of quality.

Creating in them an awareness of the process of money management in terms of goals and resources is the best preparation for family life. Therefore, the extension workers need to be guided in helping people to meet their practical issues in daily living, in the homes and communities. They must bring about an overall improvement in the standards of thinking, living, earning, spending and saving - adopting subsidiary occupations to improve the family income - eliminating drudgery in household work by the adoption of indigenous labour saving equipment.

In order to offer suggestions to the extension workers for teaching more realistical ways of distributing the family income among competing wants, the investigator initiated a programme for selected homemakers to augment the family income, cut down expenditure, balance their budgets and save for the future. Education was given to the heads of the families, home makers and children with regard to family budgeting and saving.

4.17.1. Education of the home maker to augment family income :

Mahalir Manram (Women's Club) helps to widen the horizons of knowledge of women and equips them with valuable information for better living through discussions, film shows and folk songs. The members can thus develop their skills and talents in a desirable manner. Therefore the investigator

organised three new Mahalir Manrams, and revived two existing Mahalir Manrams in five villages in Nallur Block, South Arcot District constituting 110 homemakers. Among one hundred and ten home makers, sixty five were of the age below 40 years and fortyfive were between 40 and 50 years. Seventythree had family income ranging between Rs.100 to Rs.200 per month.

Income generating activities such as tailoring, crafts and kitchen gardening were taught to the home makers.

4.17.1.1. Kitchen Gardening :

Buying vegetables from the market or from the vegetable vendor is an expensive affair which consumes a good portion of the family budget. Home makers can help to reduce the burden on their husbands by growing vegetables in the open spaces around their houses, utilising the waste water from the home , vegetables bought from the market are often stale and low in nutritive value as vitamins and other nutrients are lost in storage. Housewives can grow vegetables for their family and thus augment their already tight monthly budget, while at the same time increase the nutritive value of their diets.

'Kitchen garden' was easily accepted by the home makers as seeds were distributed free of cost with the help of the agriculture department. This effort brought forth not only

greater consumption of vegetables like brinjals, tomatoes, ladies finger, but also inclusion of drumstic leaves, mint and other green leafy vegetables. The yield from kitchen gardening started only after a month. The investigator calculated the benefit for four months. The home makers were also taught how to make compost pits and utilise the drainage water from the well, sullage and kitchen waste water in the garden.

4.17.1.2. Tailoring :

Experience has shown that in rural areas tailoring is the most popular craft among women. It is an activity through which women can save some family income by stitching clothes for the family and thus indirectly supplementing the family income.

The home makers stitched family clothing items such as jatti, frocks, skirts, pillow cover and embroidered hand kerchief and thus they could increase the real income of the family without paying the stitching charges to the tailors.

4.17.1.3. Crafts :

Home makers spun wire baskets and bead bags which attracted attention of the buyers. Home makers sold them for a good profit. However, this type of crafts needed marketing facilities.

4.20. Mean Income Earned by the Home makers :

Table 4.110 gives mean monthly income earned by the homemakers and the activities pursued. Home Makers earned from Rs.15 to Rs.20 from kitchen garden and craft. The benefit from tailoring was only Rs.5 to Rs.12. Tailoring needs more training and skill. Once they acquired the needed skill, they might earn more income from tailoring.

To augment family income, kitchen garden proved to be the most acceptable one, because it does not require any initial cost instead it demands only the energy and time of the home makers. For a lower economic group, it is suitable for augmenting income.

4.17.2. Education of the home makers to use labour saving devices to reduce expenditure :

4.17.2.1. Hay box :

To eliminate drudgery from cooking, in the households and also to cut down fuel cost, the investigator introduced the indigenous labour-saving equipment such as Hay box and Janatha refrigerator and also advised the home makers to instal smokeless chulas. The home makers accepted the hay box without any reluctance because making a hay box required only locally

TABLE : 4.110 MEAN MONTHLY INCOME EARNED BY THE HOME MAKERS ENROLLED
IN MAHALIR MANRAM AND ACTIVITIES PURSUED - In Rupees.

TYPE OF ACTIVITIES	ERAIYUR N.25	PENNADAM N.20	KOTHATTAI N.20	GUDALUR N.25	NALLUR N.20	Total N.110 (Weighted average)
1. Craft	15.00	10.00	12.00	16.00	19.50	13.80
2. Tailoring	5.00	12.00	--	--	--	9.56
3. Gardening	15.00	--	16.00	18.00	20.00	17.33
Total (Weight- ed average)	11.80	11.50	14.00	17.20	19.75	14.36

available materials. The instalment of hay box did not involve any cost since they could get hay freely from their locality and also wooden boxes possessed by the family were used. Instead of wooden box, card board box and mud tub were also used. Hay pillow was prepared by the old clothes/^{possessed} by them (Fig.4.10). Sixteen families installed hay box and eight families used mud cooler or Janatha refrigerator. The families stated that they were able to use 15 days fuel for 25 days. The cost was calculated approximately since most of them collected the fuel freely (sugar cane waste and other agricultural waste) and some families had cut down their trees for fuel. However, these families could save rupees five to rupees sixteen per month.

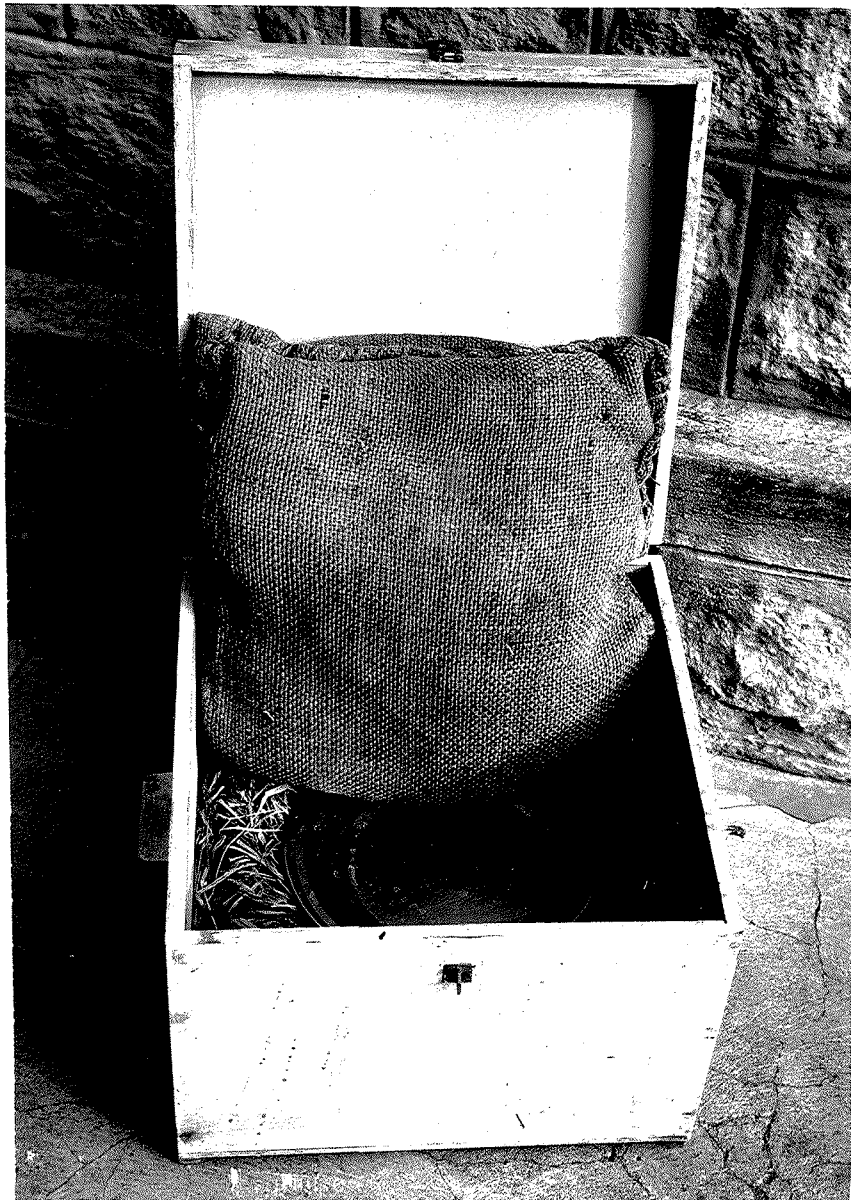
4.17.2.2. Improvised Mud cooler or Janatha Refrigerator :

The improvised mud cooler which is also known as the poor man's refrigerator was demonstrated for keeping vegetable fresh (Fig. 4.11). It is a clay baked pot. This helped the homemakers to purchase vegetables in bulk from the village shandy days and thus they could use fresh vegetables. The vegetable bought in the shandy days were calculated for local market value. The families saved Rs.5 to Rs.7 per month. The difference was shown to them, how this could help to save money and also saves time and energy.



IMPROVISED MUD COOLER OR JANATHA REFRIGERATOR

FIG 4.10



HAY BOX

FIG 4-11

Education on Nutrition and Health :

The common deficiency disease prevalent in the children of the home makers selected for the Mahalir Manram were night blindness (16 children) angular stomatis (51 children) and bleeding gums (23 children).

The inclusion of raw vegetables like carrot, cucumber, onion were emphasised to overcome the deficiency diseases. The importance of green leafy vegetables in the diet specially drumstic and agathi leaves which were abundant in that area and often free of cost was explained and how they can help to cure deficiency diseases such as angular stomatitis and night blindness. This would consequently reduce the expenditure on medicine.

4.17.3.1. Improvements observed in the selected sample :

The home makers become conscious of the new methods and showed interest in learning new recipes as well as including more greens and pappaya in their diet. Home makers of deficiency children reported that they had included sprouted green gram, drumstic and agathi leaves in their diet and also they could observe remarkable improvement after a month in the case of angular stomatitis and bleeding gums.

4.17.4. Education of the Heads of the Families :

With the help of the Rotary Club of Pennadam, the investigator organised a meeting for the labourers (seasonal workers), salaried workers and executives in the sugar factory at Pennadam to educate them about family budgets.

4.17.4.1. Seasonal workers :

The income and expenditure pattern of seasonal workers (fluctuating and irregular income families) revealed that they spend with abandon in the beginning of the month and denied the dependents many of the basic necessities of life. The expenditure was concentrated on buying eatables and tea, impulsive purchases such as flowers and other accessories, lottery tickets and cinema.

This particular group was therefore educated on how the money spent on these items could be channelised in the preparation of food at home and for clothing for the family members afterwards planning to save some money. Analysing ten families subsequent monthly expenditure did not reveal any improvement in this aspect.

In some families of the low and middle income groups, the Heads of the families indulged in the consumption of alcohol pan and tobacco and cigarette. On these items they incurred heavy

expenditure and were in perennial debts. The heads of the families were advised on the ill effects of the intoxicants and how the money spent on them could be utilised for the betterment of life. The heads of the families realised the fault and accepted to change their attitudes and practices. However, the home makers of these particular households stated that they have not changed their habit of drinking, smoking and chewing pan and tobacco. From this, it is understood that changing the habits already formed will take time. Constant education on the work spot about the ill effect of these intoxicants might help them to overcome these habits.

4.17.4.2. Salaried workers :

The common practices found among the middle and high income groups were utilising the credit, loan facilities and instalment purchase. Hence the 'take home' salary was poor. The expenditure always exceeded the income. They spent also on other goods which gave prestige and impressed others. The extra expenditure on feasts for funerals, weddings, christenings, ear-boring ceremonies and functions for puberty which relate to social status in the community - was also high. The investigator showed how the income spent on these items could be used for the most pressing wants such as food and clothing. The heads of the

families understood, how they could spend the money and save for future benefits instead of accumulating debts. However, to check the impact of education needs more time. More than the acceptance of the individual person, community acceptance is necessary to control this expenditure.

In families where both the spouses worked in the urban area, the expenditure invariably exceeded income. The budget showed expenditure on ready to eat foods, eating outside, soft drinks, entertaining guests and gifts and contributions and also for more paid services. Such families were given guidance to minimize expenditure ^{on} prepared foods from outside, eating outside and using soft drinks. This would help the families to have more money for other pressing wants. By switching off the fans and lights when not in use the families can reduce the bills on electricity. Thus the families understood the leakages in their budgets and decreased them.

4.17.5. Education of the School Head Masters :

With the help of the State Council of Education Research and Training (SCERT) the investigator organised a meeting for the headmaster (South Zone of South Arcot) to impress on them the importance of including 'budget studies' in the curriculum for higher secondary school. The effect of family size on family

budget was explained to them, so that this item could be included in the School syllabi. The importance of introducing saving scheme, kitchen garden, crafts to augment family income was also emphasized.

4.17.6. Education of School children :

The head masters of the higher secondary schools helped the investigator to arrange a meeting for school children. The importance of saving habits utilising the leisure time to augment family income and to spend wisely their pocket money were explained to high school children and how these could increase the family income.

The children showed interest to save money. The investigator initiated the saving programme with the help of the State Bank of India. The children who had pocket money was enrolled in this scheme. Fifty children from two schools were enrolled for this scheme. The attitude of saving differed according to the pocket money received by the children. On an average, the high school children saved from four to Rs.25 for three months. The children although they received money from their parent none of them saved prior to this programme.

4.17.7. Suggestions to the extension workers :

The extension workers should identify the families

living below the poverty line and help them to augment their income. Improper management of money income is perhaps the most important single factor underlying poverty. A home maker who is financially poor but who possesses knowledge on how to make budget will make better use of the available resources however limited they may be, than one who may be more favourably placed economically but is ignorant of budgeting. Therefore, the extension worker should help them to live within their mean by proper budget and if income is not sufficient, to supplement the income by utilising their leisure. Specific efforts should be made to educate and train the rural home makers in suitable vocations like kitchen gardening, cattle and poultry breeding, dairy, all other additional income generating ventures. These income generating programme will bring about overall improvement in the standard of living of the poor.

Families differ from each other in their resources. Therefore, the extension worker should adopt micro level planning, taking each household as the basic unit. Programmes should be chalked out in such a manner that the economic condition of the household is improved.

Each home maker should be given a record book in which she can make entries. Extension worker can help the families who are illiterate.

Home makers from different income groups donot know how to distribute the income for various family needs. Imparting education regarding the resources available and their best utilisation are of utmost importance. Distribution of income among the basic necessities of life, and fulfilling the other needs by proper utilisation of community facilities are essential.

Though, unemployment and under employment are the two major causes of people living below poverty line, improper utilisation and wastage of resources are the other two parts which push people down to poverty. Therefore, the extension worker in village level should study the resources available in the community and in the family. She must coordinate these to frame a viable budget for that particular family.

Educating the home makers in all aspects of expenditure, will help the family improve its financial status and thus raise the standard of living. As Jawaharlal Nehru (1963) has rightly pointed out, in order to awaken the people it is the women who have to be awakened. Once they are on the move, the village moves, the household moves and the country moves.

CHAPTER 5

5. SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This study was undertaken to analyse critically the family budgets in selected rural and urban areas of Tamil Nadu.

The socio economic factors which contribute towards bettering the standard of living and money management practices were analysed and model budgets developed for different income levels and family sizes, for the rural and urban areas of Tamil Nadu. The findings are summarised below:

5.1. Economic Profile of the Selected Families :

Salaries and wages were the common source of income for both urban and rural income families. The percent of women in employment was 21 in the urban and 10 in the rural areas. Gainful employment of the homemakers increased the family income and they worked for economic reasons and to raise the standard of living.

Earning dependents increased as the family income and size increased. The dependency ratio was high in the rural households than in the urban households.

Higher educational levels, higher occupational status

higher age of heads, larger number of earning members in the family were characteristic of the families with high income.

5.2. Money Management Practices

5.2.1. Goals

Goal setting which is the first and foremost step in money management practice was considered 'very necessary' by the urban and 'necessary' by the rural families. However they were not able to realise all goals because of financial constraints. Yet the goals motivated them in fulfilling the basic necessities such as food, clothing and shelter.

5.2.2. Planning

To achieve the desired goals, husband and wife in the urban and 'husband' alone in the rural area mentally planned the monthly expenditure adopting 'Family finance Plan'.

5.2.3. Decision- making practices

The 'wife' deciding the expenditure on food, 'husband' on housing and 'husband and wife' on housekeeping were common in both the urban and rural areas. The other items of expenditure were decided by 'husband and wife' in the urban and by 'husband' alone in the rural areas.

While deciding the money expenditure the urban and

rural middle income families sought many alternatives and thought through the alternatives before selecting the appropriate one.

5.2.4. Controlling the Plan :

Mental checking and keeping accounts were frequently used by high and middle income and medium and large sized urban and rural families.

If excessive expenditure occurred in the plan, urban families 'utilised savings' to meet the deficits in the plan and the rural, families 'adjusted the expenditure afterwards' or borrowed money.

5.2.5. Evaluation :

The families with financial plan evaluated their satisfaction of expenditure in the light of family goals. Satisfaction was greater in high income families.

5.2.6. Expenditure :

The mean family expenditure per month was almost double in the urban than rural areas. Both the urban and rural families spent their major share on food. The prevalence of compulsory saving schemes in the work spot helped urban and rural families to save. Rural households incurred a lesser expenditure

on housing.

Engel's law of consumption has been proved in this study that the percentage of food expenditure decreased as the family income increased both in the urban and rural households. The percapita expenditure moved in opposite direction. The mean family monthly total expenditure of all items increased as the family size increased, but the percapita expenditure decreased as the family size increased. The percapita expenditure on individual items also exhibited a similar trend in both areas.

The percentage of expenditure on food remained more or less the same in the urban households and it was lesser percent in the rural large sized families. The family debt was prominent in the urban medium and the rural large sized families.

Higher family income, higher educational levels, higher occupational status and higher age of the heads, the families incurred higher total expenditure and lesser percent on food and greater percent on comforts, luxuries and savings. Thus indicating higher standard of living.

5.3. Standard of living :

As judged by the socio-economic status scale, high income and small family size favoured luxurious standard of living

5.4. Model budgets :

Based on the norms as recommended by the ICMR for nutritional requirements a model budget for three income groups living in the rural and urban area were developed.

5.5. Budget aspects of the home science curriculum :

The syllabus developed for the budget aspect of Home Science curriculum for higher secondary schools includes : sources and ways of augmenting income, factors affecting the cost of goods and how these help a family minimize spending and buying to get the most for the money spent and Planning family income and items of expenditure.

The college syllabus includes budget, account keeping decision making practices, evaluation, financial management practices with fluctuating income in rural and urban areas, ways and means of balancing budget, ways of making money go further and savings and credit.

5.6. Recommendations :

The following recommendations emerge from the study.

The model budgets developed in this study should be tested for its suitability in different settings.

Further studies should be carried out to develop budgets for different family sizes in the same income bracket and also for the same size in different income brackets.

The estimated cost of food in food plans and other goods should be updated every six months, to reflect changing food prices and other items.

The budgets suggested should be used as a guide for social, economic and legislative programmes on wages, prices, credit, public assistance, and taxes for evaluating adequacy of income of groups of families, and measuring differences in living costs among urban and rural areas.

The budgets suggested in this study should be published in Test Books to enable the school and college students get training in the formulation of budget for specific groups.

The extension worker should adopt micro level plan suited to the environment and resources available to raise the standard of living.

It is hoped that the present study might be of special importance in the context of Planning for the economic development of the family, measurement of the living standards, helping the extension and social workers to adopt a realistic approaches while solving the economic problems of the communities.

G L O S S O R Y

1. Family/households:

Throughout this study, the terms family and household are used interchangeably. Their meaning is consistent of the family taken from the Lake placid Honne Economics Conference, "The family is a unit of intimate, transacting and interdependent persons who share some values, goals, resources, responsibility for decisions and have a commitment of one another one time" (Bivens, et al 1975).

2. Head of the family :

In husband and wife families, the husband was considered as the head. In joint families, the person recognised as the head by other family members was so designated (USDA consumer Expenditure Survey, Report No:1, 1961).

3. Consumption Unit :

The average family size was calculated by treating children under twelve years as half members.

4. Income :

Total income during the survey year of all family members from wages and salaries net income from self employment (including agriculture); and income from other sources such as business earnings, receipts from properties and land and

buildings) income from investment, allowances from parent's/parent's-in-laws, the sale of goods produced by the family and other earnings were included.

5. Expenditure :

Expenditure comprises all expenditure incurred by the sample household, exclusively on domestic account, including consumption out of home grown produce and information collected on this related to a period of one year (1980-81)

6. Percapita income and percapita expenditure :

Percapita income or percapita expenditure was calculated by dividing the total income or total expenditure of the family by its consumption unit.

7. Socio-economic status scale :

It refers to the position a family occupies in comparison to others with respect to education, occupation, income, size of the family, house, and material possessions. The socio-economic status of selected rural and urban families was measured with the help of some components of the socio-economic status scale devised by the research worker using Kuppusamy and Aaron (1961) socio-economic status scale.

8. Standard of living :

According to 'Dictionary of Economics' Standard of living is the minimum of the necessities or luxuries of life to which they aspire.

9. Poverty line:

According to Planning Commission, the satisfaction of the basic needs of a person would necessitate a monthly consumer expenditure of Rs.63.80 in rural areas and Rs.71.30 in urban areas at 1976-'77 prices. The families whose per capita monthly expenditure is less than this could be defined as household below the poverty line.

10. Pucca House :

Wall material : Burnt bricks, stones (duly packed with lime or cement) cement concrete or timber etc.

Roof materials : Tiles, galvanised corrugated iron sheets, asbestos cement sheets, reinforced brick concrete, reinforced cement concrete and timber etc.

11. Kutcha house :

Houses, the walls or roofs of which are made of materials other than those mentioned above such as unburnt bricks, bamboos, mud, grass, reeds, were treated as kutcha houses.

12. Living room :

A room should have four walls with a door way with a roof overhead and should be wide and long enough for a person to sleep in ie. it should have a length of not less than 2 metre and a breadth of atleast 1.5 metre and 2 metre in height. An enclosed room, however which is used in common for sleeping, sitting, dining storing and cooking etc. should be regarded as a room.

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APPENDIX - I

CRITICAL ANALYSIS OF FAMILY BUDGETS IN SELECTED RURAL
AND URBAN AREA OF TAMIL NADU

PART - A

INTERVIEW - SCHEDULE TO ELICIT INFORMATION REGARDING
SOCIO-ECONOMIC CONDITIONS OF SELECTED FAMILIES 1981-82.

1. General Information:

Name of the investigator: Address:

Name of the interviewee:: Date :

2. Family Characteristics:

2.1 Religion : Hindu _____ Muslim _____

Christian	Others
1	1
2	2
3	3
4	4
5	5
6	6
7	7
8	8
9	9
10	10
11	11
12	12
13	13
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78	78
79	79
80	80
81	81
82	82
83	83
84	84
85	85
86	86
87	87
88	88
89	89
90	90
91	91
92	92
93	93
94	94
95	95
96	96
97	97
98	98
99	99
100	100

2.2. Family type : Nuclear Joint

2.3 Size of the family: Small Medium Large

2.4 Details regarding the members of the family:

S. No.	Name of the family member	Relation-ship	Sex	Age	Educa-tion	Occupa-tion	Income

2.5 Income from other sources:		Amount per month Rs. Ps.
1. Business earnings	:	
2. Receipts from properties :		
Land	:	
Building	:	
3. Income from investment	:	
4. Allowances from parents/ parents-in-laws	:	
5. The sale of goods produced by the family	:	
6. Other earnings	:	
Total monthly income	Rs:	

3. Is the homemaker gainfully employed?

Yes _____ No _____

If 'Yes', state the reasons for the employment:

- _____ To supplement the family income
- _____ To liquidate debts
- _____ To buy expensive household appliances
- _____ To raise the standard of living of the family
- _____ Worked before marriage and continued thereafter
- _____ Husband has a positive attitude
- _____ To use the special training and skill
- _____ To keep up social contacts
- _____ For prestige
- _____ For future expenditure on marriage and other social obligations

4. Housing:

4.1 Tenure: Owned _____ Rented _____

Home furnished free by employee or Government _____

Others specify _____

4.2 Type : Kutcha _____ Pucca _____ Semi-Pucca _____

4.3 Number of rooms in the house :

Area of the house in Sq. mts.:

4.4 Conditions of the structure:

_____ excellent

_____ fairly good and needs no repair

_____ bad, dilapidated and improvised

4.5 Amenities available:

Distance
from home

01. Water supply - Household tap
Community tap
Household well
Community well
Household tube well
Community tube well
Lake/river/canal
Spring/pond
Any other (specify)

02. Sanitation:

Type of bathroom - Bath room in individual use
for the family
Bath room in common use
(Shared by many families)
No bath room

03. Type of latrine - Flush

Septic tank
Bucket
Pit
Public latrine
Open ground
Any other (specify)

04. Lighting - Electricity

Kerosene
Oil lamp
Other (specify)

05. Type of fuel used mostly for cooking:

Electricity ____ Gas ____ Firewood and
cowdung ____ Kerosene ____ Any other(specify)

06. Ventilation :

Ventilation is good

Windows and doors should be added for
ventilation

Ventilation is poor due to congestion of area

07. Drainage :

Closed drainage

Opened drainage

Drain water is let out in the surroundings

5. Material Possessions of the Family:

Possessions	Value in rupees

5.1 Properties:

_____ House (numbers)
_____ Land (acres)

_____ Wet land
_____ Dry land
_____ Other buildings
_____ Business investment
_____ Stocks and Shares
_____ Live Stocks
_____ Others (specify)
Total Cost : Rs.

5.2 Durable goods:

Furniture

_____ Steel almirah
_____ Steel chair
_____ Sofa set
_____ Study table
_____ Dining table
_____ Dressing table
_____ Cot
_____ Others (specify)
Total Cost : Rs.

5.3 Recreational equipment and Camera:

_____ Radio/Transistor
_____ Radio-grame
_____ Record player/tape recorder
_____ Camera
_____ Musical instruments
_____ Others (specify)
Total Cost : Rs.

5.4 Kitchen equipment and utensils:

5.4 Kitchen equipment and utensils:

_____ Pressure cooker
_____ Gas stove/hot plate
_____ Electric heater
_____ Electric mixer/blender
_____ Wet grinder
_____ Baking oven
_____ Refrigerator
_____ Others (specify)

Total Cost : Rs.

5.5 Utensils:

_____ Stainless steel
_____ Brass
_____ Bronze
_____ Silver
_____ Aluminium
_____ China ware
_____ Others (specify)

Total Cost: Rs.

5.6 Transport facilities:

_____ Car
_____ Motor cycle/scooter
_____ Moped/cycle
_____ Jodka
_____ Autoriksha
_____ Bullock cart
_____ Others (specify)

Total Cost : Rs.

5.7. Agricultural equipment:

_____ Pumpset
_____ Tractor
_____ Sprayer
_____ Other accessories
_____ Others (specify)

Total Cost : Rs.

5.8 Other valuables:

_____ Jewels gold (Sovereign)
_____ Silver (in kg)

Total Cost : Rs.

5.9 Value of clothing:

_____ Husband
_____ Wife
_____ Children

Total Cost : Rs.

6. Saving:

6.1 Do you save? Yes _____ No _____

If yes how? Regularly _____ Occasionally _____
Rarely _____

6.2 What are the reasons for saving?

_____ 01 For old age
_____ 02 For education
_____ 03 For emergencies
_____ 04 For liquidating debts
_____ 05 For purchasing land/building
_____ 06 For expanding business
_____ 07 For gifts and donations

- ☐ 08 For marriage of son/daughter
- ☐ 09 To buy durable goods
- ☐ 10 Any other (specify)

6.3 What are the methods of saving?

- ☐ 01 Bank/Post Office savings
- ☐ 02 Chitfund
- ☐ 03 Hundial
- ☐ 04 Durable goods
- ☐ 05 Land/house
- ☐ 06 Jewels
- ☐ 07 Life Insurance
- ☐ 08 General Provident Fund and Retirement plan
- ☐ 09 Government Bonds
- ☐ 10 Any other (specify)

7. Family Debt:

7.1 Do you borrow? Yes ☐ No ☐

If 'Yes', do you borrow ☐ always
☐ sometimes
☐ rarely

7.2 For what purposes do you borrow?

- ☐ 01 To meet emergencies
- ☐ 02 To liquidate debts
- ☐ 03 Education of children/head of the family/
homemaker
- ☐ 04 To make buying easier
- ☐ 05 To purchase daily needs
- ☐ 06 To extend business concerns
- ☐ 07 For festivals and ceremonies
- ☐ 08 To celebrate marriage of children
- ☐ 09 Any other (specify)

7.3 From which sources does your family borrow?

- ☐ 01 Retail credit in shops
- ☐ 02 Bank
- ☐ 03 Nidhi/Chit fund
- ☐ 04 Life Insurance/G.P.F.
- ☐ 05 Pawn Brokers/Money Lenders
- ☐ 06 Relatives and friends
- ☐ 07 Instalment credit
- ☐ 08 Place of work

7.4 Have you been able to repay the amount borrowed?

Yes ☐ No ☐

If 'No', reasons

- ☐ 01 Inadequate income
- ☐ 02 Illness in the family
- ☐ 03 Decrease in income
- ☐ 04 Any other (specify)

PART - B

TO ELICIT INFORMATION REGARDING MONEY MANAGEMENT PRACTICES OF SELECTED FAMILIES

8.1 Does your family consider that goals are necessary
in family life?

- ☐ 01 Very necessary
- ☐ 02 Necessary
- ☐ 03 Less necessary
- ☐ 04 Not necessary

8.2 Has your family consciously and clearly defined its goals?

- _____ 01 All the desired goals
- _____ 02 Most of the goals
- _____ 03 Some of the goals
- _____ 04 A few of the goals
- _____ 05 None of the goals

8.3 Families have different aims or goals, indicate from below five important goals which your family considered important?

- _____ 01 Nutritious food for the family
- _____ 02 More attractive and convenient house
- _____ 03 Providing college education for children
- _____ 04 Saving to buy durable goods
- _____ 05 More celebrations
- _____ 06 Home free of debt
- _____ 07 An adequate programme for retirement
- _____ 08 Providing good clothing for family members
- _____ 09 Insurance and savings
- _____ 10 More recreations for the family members
- _____ 11 Any other (specify)

9. Planning:

9.1 Does your family plan a budget?

Yes _____ No _____

If 'Yes', how?

Mental _____ Written _____ Both Mental and Written _____

If 'No', proceed to Question No.9.9

9.2 If mental or written or both, would you tell your reasons for planning a budget?

- ☐ 01 Provides satisfaction of achieving desired goals
- ☐ 02 Budget makes the important items to stand out more sharply than less important
- ☐ 03 Helps to save and acquire things
- ☐ 04 Prevents extravagant spending and falling into unnecessary debts
- ☐ 05 Assists to pay the debts, re-establish credit at the grocery
- ☐ 06 Keeps away one from financial worries and anxieties
- ☐ 07 Enables to live within income
- ☐ 08 Facilitates balancing irregular income against regular expenditure
- ☐ 09 Balances the future and the present wants, making suitable allocations for spending and saving
- ☐ 10 Any other (specify)

9.3 For how long a period does your family plan?

Weekly ☐ Fortnightly ☐ Monthly ☐ Yearly ☐

9.4 Is your budget general or specific?

- ☐ 01 General - (Provides only broad outlines)
- ☐ 02 Specific - (Quantities and qualities specified)

9.5 How successful would you say it is?

Very much ☐ Some what ☐ Not at all ☐

9.6 If your budget is unsuccessful, what are the reasons?

- ☐ 01 Income is not enough
- ☐ 02 Unexpected expenditure
- ☐ 03 Sudden decrease in the family income
- ☐ 04 Any other (specify)

9.7 Who makes the plan in the family for the use of money income?

Husband _____ Wife _____ Husband and wife _____
Parents _____ Parents-in-law _____ All family members _____

9.8 In general families handles money in different methods.
What is the method of handling money in your family?

- _____ 01 The family finance plan
(Plan how much money to be spent for various items of expenditure)
- _____ 02 The allowance method
(Husband giving a portion of income to the wife for household expenditure)
- _____ 03 The equal salary method
(After allocating money for various items of expenditure dividing the remaining equally between husband and wife)
- _____ 04 The hand out or dolling out method
(One person keeping the money and spending as he/she wishes)

9.9 If there is no plan, would you tell your reasons for not planning a budget?

- _____ 01 Income goes for necessities only
- _____ 02 Budget may cause quarrels
- _____ 03 Keeping a budget is difficult
- _____ 04 Budgets are not needed by the economical person
- _____ 05 Budget reserves are not adequate for emergencies
- _____ 06 No cooperation among family members
- _____ 07 Income is low
- _____ 08 Budget takes the joy out of life
- _____ 09 Any other (specify)

10. Decision Making:

10.1 Who makes decision regarding the following items of expenditure in your family?

S.No.	Items of expenditure	Person deciding - Purchasing									
		All family members		Husband		Wife		Husband & Wife		Parents/ Parents-in-law	
		D	P	D	P	D	P	D	P	D	P
___ 01	Food										
___ 02	Housing										
___ 03	Housekeeping expenses										
___ 04	Clothing										
___ 05	Transportation										
___ 06	Furnishings and equipments										
___ 07	Personal expenditure										
___ 08	Recreation										
___ 09	Education										
___ 10	Health										
___ 11	Gifts and contribution										
___ 12	Savings										
___ 13	Family debts										

10.2 Does your family seek alternatives while making decision for the use of money income?

Many _____ Some _____ Few _____ None _____

10.3 Does your family think through the consequences of each alternatives?

Always _____ Often _____ Sometimes _____ Never _____

10.4 Does your family then select one alternatives?

Yes _____ No _____

11. Controlling:

11.1 Do you mentally check your money expenditure to determine if there is any over spending?

Yes _____ No _____

If 'Yes', state the frequency of checking

_____ always _____ often _____ sometimes _____ rarely

11.2 Do you keep an account of your money expenditure?

Yes _____ No _____

If 'No', proceed to Question No.11.4

If 'Yes', state the frequency of keeping account

_____ always _____ often _____ sometimes _____ rarely

11.3 If you keep an account, what method do you use?

_____ Account book with detailed records

_____ Account book with sketchy records

_____ Keeping cancelled checks

_____ Keeping receipts

_____ Any other (specify)

11.4 When the family has indulged in some over spending do you

01 _____ consciously adjust other expenditures afterwards

02 _____ borrow money

03 _____ utilise savings

04 _____ any other (specify)

- 11.5 Sometimes planned expenditure does not satisfy family goals. Do you then
- 01 _____ make new decisions
 - 02 _____ revise the plan completely if required
 - 03 _____ change certain details of the plan as required
 - 04 _____ any other (specify)

12. Evaluation:

- 12.1 How much satisfaction does your family derive from its present money expenditure?

_____ Very much satisfied
_____ Satisfied
_____ Little satisfied
_____ Not satisfied

- 12.2 Does this evaluation take place in the light of goals?

_____ always _____ often _____ sometimes
_____ rarely _____ never

- 12.3 Does your family draw up

_____ Net worth statement (The value of assets and
the value of debts to show the value of balance)
Yes _____ NO _____

- 12.4 Household inventories - (Keeping record of durable goods of personal and household goods)

Yes _____ No _____

- 12.5 Do you critically analyse and see whether your family is better off or worse off financially than in previous years?

_____ always _____ often _____ sometimes
_____ rarely _____ never

- 12.6 If yes, state your financial position

_____ better _____ worse _____ same

PART - C

EXPENDITURE FOR THE YEAR 1981

S. No.	Items	Quan- tity in kg	Months				Total Rs.	Ave- rage Rs.
			Jan. to April Rs.	May to Aug. Rs.	Sept. to Dec. Rs.			
			1	2	3	4		
1	<u>Food</u>							
1.1	<u>Cereals, grains and products:</u>							
	Raw rice	:						
	Par-boiled rice	:						
	Wheat	:						
	Maida	:						
	Ravai	:						
	Maize	:						
	Ragi	:						
	Cholam	:						
	Others	:						
1.2	<u>Pulses and legumes:</u>							
	Red gram/dhal	:						
	Bengal gram/dhal	:						
	Black gram/dhal	:						
	Green gram/dhal	:						
	Horse gram/dhal	:						
	Cow gram/dhal	:						
	Peas	:						
	Others	:						

	1	2	3	4	5	6	7
1.3	<u>Nuts and oils:</u>						
	Gingelly oil	:					
	Groundnut oil	:					
	Coconut oil	:					
	Palm oil	:					
	Vanaspathy	:					
	Sunflower oil	:					
	Coconut	:					
	Cashew nut	:					
	Others	:					
1.4	<u>Vegetables:</u>						
1.5	<u>Fruits:</u>						
1.6	<u>Milk and milk products</u>						
	Cow's milk	:					
	Buffalows milk	:					
	Curds	:					
	Buttermilk	:					
	Ghee	:					
	Cheese	:					
	Other	:					
1.7	<u>Fleshy foods/Eggs:</u>						
	Mutton	:					
	Fish (fresh)	:					
	Fish (dry)	:					
	Chicken	:					
	Beef	:					
	Egg Hen/Duck	:					
	Others	:					

	1	2	3	4	5	6	7
1.8	<u>Sugar and Jaggery:</u>						
	Sugar	:					
	Jaggary	:					
	Palm jaggery	:					
	Honey	:					
1.9	<u>Beverages:</u>						
	Coffee	:					
	Tea	:					
	Others	:					
1.10	<u>Prepared foods:</u>						
	Biscuits	:					
	Pickles	:					
	Papads	:					
	Sweets	:					
	Savouries	:					
	Others	:					
1.11	<u>Condiments and spices:</u>						
	Chillies dry	:					
	Coriander	:					
	Cumin seeds	:					
	Fenugreek	:					
	Tamarind	:					
	Pepper	:					
	Garlic	:					
	Kuskus	:					
	Garam Masala	:					
	Mustard	:					
1.12	<u>Food eaten outside:</u>						

1	2	3	4	5	6	7

2.1 Housing:

Tax :

Rent :

Repair-cost :

Insurance :

Mortgage payments :

2.2 House-keeping expenses:

1) Fuel and light:

Electricity :

Kerosene :

Gas :

Fire wood :

Coal :

Dung cake :

Charcoal :

Candle :

Matches :

Spirit :

Other lighting oil:

Others :

2) Telephone :

Laundry, cleaning :

Supplies and services :

Household supplies:

Paid help :

2.3 Furnishings and equipments:

Kitchen, cleaning and laundry equipment :

1	2	3	4	5	6	7

Glass, China,
Stainless steel,
Aluminium, brass,
bronze, tin, silver,
utensils :

Household textiles:

Floor coverings :

Furniture :

Accessories and
repairs :

3. Clothing:

Men :

Women :

Children :

4. Transportation:

Upkeep and
operational cost :
of automobiles :

Rail, road, air,
bus taxi and auto
fares :

5. Personal/ Expenditure:

5.1 Personal care:

Toilet articles :

Barber :

Beauty shops :

5.2 Personal consumption:

Alcohol :

Cigarettes :

Pan and tobacco :

Snuff :

1	2	3	4	5	6	7

6. Recreation:

Musical instrument:

Radio :

Theatres :

Movies :

Concerts :

Newspapers :

Magazines :

7. Education:

Tuition and other
fees :

Books and Journals:

Stationaries :

Others :

8. Health:

Fees for doctors :

dentist :

oculist :

drugs :

eye-glasses :

Hospital and
nursing expenses :

Health insurance :

9. Gifts and
contributions:

Festivals :

Ceremonies :

Gifts and
contributions to
religious and
educational
institutions :

Gifts to friends
and relatives :

Family debts :

1	2	3	4	5	6	7

10. Savings:

Bank account/Post
office/Chitfund :

L.I.C. :

G.P.F. :

C.T.D. :

Family benefit
fund :

Chitfund :

Any other(specify):

11. Tax:

Income tax :

Professional tax :

Land tax :

Any other (specify):

12. Other extra-
ordinary family
expenditure
incurred:

Marriages :

Pilgrimage/travel :

Death :

Accident :

Any other(specify):

APPENDIX -II

RECORD OF INCOME AND EXPENDITURE

EXPENDITURE

INCOME Rs.

Date	Cash on hand	Rs.	Date	Items	Total	Food	Rent	Fuel & Light	Furnishings & Equipment	Household services and supplies	Clothing	Sanitation and personal hygiene	Transportation	Medical Care	Education	Recreation	Taxes and drugs	Insurance and savings, GPF	Miscellaneous

APPENDIX - III

SOCIO-ECONOMIC STATUS SCALE AND CONSUMPTION INDEX

(Weightages appear in Parentheses)

1. Education:

1.1	Professionals/M.A, M.Sc and above	(6)
1.2	B.A./B.Sc. and Diploma holders	(5)
1.3	Inter/P.U.C./High School diploma	(4)
1.4	High School	(3)
1.5	Middle School	(2)
1.6	Primary School	(1)
1.7	Illiterate	(0)

2. Occupation:

2.1	Professionals and owner cultivators	(5)
2.2	Managerial and Business Traders	(4)
2.3	Clerical groups, shop-keepers, skilled workers and other categories	(3)
2.4	Small Farmers Farm Labourers and unskilled workers	(2)
2.5	Pensioners	(1)
2.6	Unemployed	(0)

3. Per capita Income per month:

3.1	Above Rs.600/-	(7)
3.2	Rs.400 - Rs.600/-	(6)
3.3	Rs.200 - Rs.400/-	(5)
3.4	Rs.150 - Rs.200/-	(4)
3.5	Rs.100 - Rs.150/-	(3)
3.6	Rs.75 - Rs.100/-	(2)
3.7	Below Rs.75/-	(1)

4. Earners:

4.1 Earners above three	(3)
4.2 Earners two	(2)
4.3 Earner one	(1)

5. Dependency Ratio:

5.1 One	(4)
5.2 Two	(3)
5.3 Three	(2)
5.4 Above three	(1)

6. Family type:

6.1 Nuclear family	(2)
6.2 Joint family	(1)

7. Family Size:

7.1 Small - two	(8)
- three	(7)
- four	(6)
7.2 Medium - five	(5)
- six	(4)
7.3 Large - seven	(3)
- eight	(2)
- agove eight	(1)

8. Housing - Tenure:

8.1 Owned	(3)
8.2 Rented	(2)
8.3 Free	(1)

9. Type of House:

9.1	Pucca	(4)
9.2	Tiled	(3)
9.3	Pucca and kutcha	(2)
9.4	Kutcha	(1)

10. Rooms:

10.1	More than three	(4)
10.2	Three	(3)
10.3	Two	(2)
10.4	One	(1)

11. Area of the House/per person:

11.1	Above 28 sq. mtr.	(5)
11.2	20 - 28 sq. mtr.	(4)
11.3	12 - 20 sq. mtr.	(3)
11.4	4 - 12 sq. mtr.	(2)
11.5	Below 4 sq. mtr.	(1)

12. Condition of the Dwelling:

12.1	Excellent	(3)
12.2	Fairly good	(2)
12.3	Bad, dilapidated	(1)

13. Source of water supply:

13.1	Household tap	(6)
13.2	Household well	(5)
13.3	Household tube well	(4)
13.4	Community tap	(3)
13.5	Community well	(2)
13.6	Community tube well	(1)
13.7	Others	(0)

14. Bath room facilities:

- 14.1 Bath room (individual use) (3)
- 14.2 Bath room (individual use - improvised) (2)
- 14.3 Common bath room (shared by many families) (1)
- 14.4 No bath room (0)

15. Lavatory facilities:

- 15.1 Flush out (4)
- 15.2 Bucket (3)
- 15.3 Pit (2)
- 15.4 Public (1)
- 15.5 Open ground (0)

16. Lighting:

- 16.1 Electricity (3)
- 16.2 Kerosene (2)
- 16.3 Oil lamp (1)

17. Fuel:

- 17.1 Electricity (5)
- 17.2 Gas (4)
- 17.3 Kerosene (3)
- 17.4 Fire wood (2)
- 17.5 Sticks and other ingeneous material (1)

18. Ventilation:

- 18.1 Ventilation - good (3)
- 18.2 Windows and doors should be added (2)
- 18.3 Ventilation is poor due to congestion (1)

19. Drainage:

19.1	Closed	(3)
19.2	Opened	(2)
19.3	Drainage water is let out	(1)

20. Value of clothing:

20.1	Above Rs.5 thousands	(5)
20.2	Rs. 2 - 5 thousands	(4)
20.3	Re. 1 - 2 thousands	(3)
20.4	Rs.500 - 1000/-	(2)
20.5	Below Rs.500/-	(1)

21. Vale of Material Possessions:

21.1	Above 5 lakhs	(7)
21.2	One to 5 lakhs	(6)
21.3	50 thousands to one lakh	(5)
21.4	25 thousands to 50 thousands	(4)
21.5	10 thousands to 25 thousands	(3)
21.6	5 thousands to 10 thousands	(2)
21.7	Below 5 thousands	(1)

22. Per Capita Monthly Expenditure Class:

22.1	Rs.600 and above	(7)
22.2	Rs.400 - Rs.600/-	(6)
22.3	Rs.200 - Rs.400/-	(5)
22.4	Rs.150 - Rs.200/-	(4)
22.5	Rs.100 - Rs.150/-	(3)
22.6	Rs. 75 - Rs.100/-	(2)
22.7	Below Rs.75/-	(1)

SESS CLASS:

<u>Total scores</u>	<u>Class</u>
75 and above	I
50 - 75	II
25 - 50	III
Below 25	IV

* Consumption index was developed from items 7 to 11

APPENDIX IV

Sample calculation - Correlation between income and expenditure of families by educational status

	x	y	x ²	y ²	xy
1)	464	510	215296	260100	236640
2)	933	625	870489	390625	583125
3)	305	293	93025	85849	89365
4)	-269	-176	72361	30976	47344
5)	-353	-173	124609	29929	61069
6)	-901	-735	811801	540225	662233
7)	-182	-343	33124	117649	62426
	- 3	+ 1	2220705	1455353	1942204

$$r = \frac{(\sum xy)^2}{\sum x^2 \sum y^2} \quad (1490.2) (1206.36)$$

$$r = \frac{1319.33^2}{1490 \times 1206} = \frac{1742 \times 204}{1490.2 \times 12.6} = .97$$

Conclusion : The income expenditure in urban areas is highly correlates (r = .97) whereas the corresponding coefficient correlation for the rural area is only .51

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APPENDIX : VI BALANCED DIETS AND THE COST FOR LOW INCOME SMALL SIZED FAMILIES

Groups	Particulars	Cereals		Pulses		Greeny leafy vegetables		Other veget-ables		Roots and tubees		Fruit		Milk and oils		Sugar and Jaggery		Ground nuts	
		gm	gm	gm	gm	gm	gm	gm	gm	gm	gm	gm	gm	gm	gm	gm	gm	gm	gm
Man	Moderate workers	475	80	125	75	100	30	200	40	40	---								
Woman	Moderate worker	350	70	125	75	75	30	200	35	30	---								
Children	girl - 8 years	250	70	75	50	250	25	40	---										
	boy 12 years	320	70	100	75	250	35	50	---										
TOTAL		1395	290	425	275	175	160	900	135	160	---								
The cost of balanced diet - in rupees		94.00	48.00	15.00	17.00	17.00	45.00	54.00	32.0	12.00									

The total amount to buy the balanced diet for a month required

Rs.334 and the total amount suggested in the budget is Rs.348

APPENDIX V

Modal Price level of Commodities in 1980-1981 per Kilo in Rupees

Items	Minimum Cost		Medium or Normal cost		Liberal Cost	
	Urban	Rural	Urban	Rural	Urban	Rural
Rice	2.25	2.50	3.00	2.50	4.25	3.50
Dhal	5.50	5.50	6.00	7.00	8.50	7.50
Green Leafy vegetable - 1 bundle	0.25	0.20	0.30	25.00	0.50	0.40
Other vegetables	1.50	1.00	2.00	2.50	2.50	3.00
Roots and Vegetables	2.00	1.50	2.00	1.50	2.50	3.00
Fruits (1 dozen)	3.00	2.00	3.00	2.00	3.50	4.00
Milk	2.00	1.50	2.50	2.00	3.00	2.50
Fats and oils	8.00	8.00	8.00	10.00	12.00	12.00
Sugars and Jaggery	3.00	2.50	3.00	3.00	4.00	4.00
Groundnuts (100 grams)	1.00	0.50	1.00	0.50	1.00	0.50