THE INCOME AND EXPENDITURE PATTERNS OF A HUNDRED AND FIFTY SELECTED FAMILIES IN COIMBATORE CITY.

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A Thesis Submitted to the University of Madras, in
Partial Fulfilment of the Requirements for
the Degree of Master of Science.

1962-'63.

ACKNOWLEDGEMENT.

The author wishes to express her deep gratitude to Dr.(Mrs.) Rajammal P. Devadas, M.A., M.Sc., Ph.D. (Ohio State), Principal, Sri Avinashilingam Home Science College, for her valuable guidance throughout the study. Thanks are due to Miss.S. Bhatji, M.A., Professor in Economics, Sri Avinashilingam Home Science College, for her helpful suggestions. Thanks are due to Sri N.V. Manuel, M.A., M.Ed., Head, Research Department, Sri Ramakrishna Mission Vidyalaya, and Miss.R. Shanti, M.Sc., Lecturer in Mathematics, Sri Avinashilingam Home Science College, for their help in the statistical analysis of data.

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I. INTRODUCTION

Many factors such as wise management of family resources, general economic conditions and Government policies, influence the welfare of families, and the achievement of their desired goals. Among these, adequacy of income, which is the most vital resource of family finance, and its proper use, assume a significant role. Proper use of income necessitates planning before-hand, how the available money should be spent, or distributed, to meet the items of family expenditure in order to bring maximum satisfaction,as Bigelow (1953)[1] observes, "Planning is required to co-ordinate spending on a number of items, all of which must contribute to the accomplishment of a common purpose."

For sound planning, it is essential that the family outlines all the specific items of income and expenditure in order to work out an integrated spending plan,which is called 'budget', or the income and expenditure pattern. The income and expenditure patterns of families, help to reveal their economic status in society, and throw light on their economic habits and consumption trends. Careful analysis of the income and expenditure patterns or 'budgets', of a group of families will help in determining the factors which affect the income and expenditure trends of that particular group. On the basis of such an analysis we could find solutions to economic problems more realistically through more efficient and rational spending habits. Such planning and solutions to economic problems are necessary for families in all income groups.

Knowledge of the income and expenditure patterns of families can be obtained through studies of their budgets. However, very few families keep accounts of their income and expenditure on a monthly or yearly basis. Many do not even see the need to have a full picture of the income and expenditure commitments for a particular period. Consequently, they are unable to foresee the numerous expected and unexpected expenses, which will have to be met during their family life cycle. Therefore, without any plan, they spend on the major and minor items in a haphazard manner, often getting into debt. These families, which are on the border line, need to be helped 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.

In the case of families who have spending plans, a study of their income and expenditure patterns will show, how far they have planned reasonably, and carried out their plans effectively, so that, desirable changes can be implemented. 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 the individual, or 'internal' factors like the individual's lack of appreciation or inefficiency. Nanda (1963)[2] has clearly stated that external factors cannot be solved by individuals, except through organisations and associations of consumers, and the co-operation of the Government with the public. However the individual can control the internal factors, through proper understanding, framing and executing of his expenditure plans. In this effort, "income and expenditure studies help individuals to acquire knowledge about the nature and trends of the forces influencing family expenditure. They can even realise the relationship between income, and the proportion to be expended on various items of expenditure according to the size, composition and stage of family life cycle, and thus control the internal forces, and direct them to result in maximum benefits.

Knowledge of the forces which influence family expenditure, and how they could be channelled beneficially, will not be considered effective at very low income levels. In these groups, the money income is so low and fixed, that it cannot be stretched. It is an economic fact that that at 'sub-standard level' where the income is not enough even to meet the bare necessities of life such as food, clothing and shelter, budgeting is not possible, and all the income will have to be used up for fulfilling the most pressing immediate needs. The only way the family income could be augmented to a limited extent in these cases is by increasing household production. In order to plan the expenditure of their limited money income wisely, and to increase household production effectively, these families need assistance.

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 in order to use the income most effectively towards satisfaction of the family needs and desires and the welfare of the society. At this income level, budgeting will have a significant effect on the quality of consumption. Therefore, income and expenditure studies, with this group of families are specially valuable as guides in wise spending.

Taking into consideration the per capita annual income which is Rs.327.3 per annum (India 1962)[3] in India, and also the disparities and inequalities in the distribution of the income which are of such high magnitude, that the need for improving the budgetary practices and raising of the standards of living of the people is acute. Therefore, studies of the income and expenditure patterns of families throughout the country are an urgent need, specially in the present national emergency, when our resources need to be enlarged and expanded, consumption controlled and limited, and savings maximised. The nation's economy depends upon the economy in personal finance. Every individual needs to increase his resourcefulness by producing income, cutting his needs to the minimum, and conserving and saving his utmost for the defence of the country.

The study of income and expenditure patterns helps to shape the national economy to a great extent. This is particularly helpful in the case of the Producers of Consumer goods. An understanding of the expenditure patterns of the families enables the producer to forecast the demands, and direct his production constructively, avoiding waste, which in turn will lower price levels for the consumer.

In U.S.A., the Federal Bureau of Human Nutrition and Home Economics, and the State Agricultural Experiment Stations are continuously carrying on studies of income and expenditure patterns of families, particularly in rural areas. Few comprehensive studies have been made in India. Although all the universities offering Home Science in India, have included 'family finance' in their curriculum, the courses are being taught with reference to conditions prevailing in other countries since data on Indian conditions are not available.

Therefore this study was undertaken to find out the trends in the income and expenditure patterns of a selected group of families in Coimbatore City, and to suggest ways of increasing their efficiency in family spending. It is hoped that the findings of this study will stimulate further research in the field, and be of some help to economists, planners, homemakers and students of Home Science.

II. REVIEW OF LITERATURE

Since this study is concerned with the income and expenditure pattern of families, the review of literature includes - family income and expenditure, income expenditure plan or budget, accounting and methods used to study income and expenditure patterns of families.

A. Family Income and Expenditure:

Family income and expenditure is discussed under the following sub-headings -

1. Types of family income
2. Sources of family income
3. Family expenditure
4. The income and expenditure patterns as affected by the family life cycle

The importance of income to family well-being has been emphasised while discussing family money income by Kyrk (1933)[4], Bigelow (1953)[1], and Nickell and Dorsey (1960)[5] who have stated that the income a family gets, will decide its standard of living, and its place in society. Therefore, income is of vital concern to the individuals as consumers.

Canoyer and Vaile (1951)[6] define income as, "A flow of value which can be counted only in relation to a period of time...... Income is the result of production and the source of consumption..... the size of one's income limits the extent of one's consumption of economic goods and services."

According to Nickell and Dorsey (1960)[5] family income is "that stream of money, goods, services and satisfactions that come under the control of the family to be used by them to satisfy their needs and desires and to discharge obligations." Bigelow (1953)[1] views income as consisting of "the benefits or services received during a given period of time from wealth or free persons."

The Encyclopaedia Brittannica, (1957)[7] defines income as, "wealth measured in money which is at the disposal of an individual or a community, per year or other unit of time." Kyrk (1933)[4] explains that, "income conditions, if it does not determine, the character of the family's food, clothing and shelter and its power to secure the comforts and amenities of life." Income is a vital item in a family's living. The fluctuations in the size and nature of the family's income makes its welfare also fluctuate. Income is the scale which to a great extent shows the standard of living and the social status of the family which uses it (Andrews 1936)[8].

Hoyt (1960)[5] defines the standard of living, as "the satisfactions which are considered essential by an individual or a group. Such satisfactions make up an organic whole." Hoyt explains the family's standard of living, as the sum of satisfactions of its physical and psychical needs, and also the stream of subjective experiences from goods and services enjoyed by its members. The process of satisfying the physical and psychical needs of the family members is carried out in great part with the family's income. The standard of living of a family is comprised of the planes of living of that family, along with its ultimate valuations and general motivations.

The plane of living is defined by Andrews (1935)[8] as, "the objective list of goods and services currently achieved in consumption." Plane of living is the goods and services actually consumed by the families and forms an integral part of the standard of living. It is the yard stick for measuring the standard of living. The income, therefore becomes the pivot of the family's standard of living. The two variables that decide the plane of living are the amount of income and the prices of goods on which the income is spent. Income is the source of consumption. Therefore the quality and quantity of consumption of a family, depend on the volume of income at its disposal.

1. <u>Types Of Family Income:</u>

An analysis of different types of family income is necessary for understanding its sources, scope and extent.

Nickell and Dorsey (1960)[5] classify income as (1)Money income, (2)Real income and (3)Psychic income.

a. Money Income: As early as 1928, Waite (1928)[9] had pointed out that money income was the money receipts from all the sources received by that family during the year and that every family could accurately estimate its money income, since it was something concrete. Nickell and Dorsey (1960)[5] observe, "In the family's economy, money income is the purchasing power in dollars and cents, that goes into the family treasury in a given period of time." Money income is obtained in the form of wages, salaries, dividends, interests, annuities, net rent, gifts, pensions and royalties. Canoyer and Vaile (1957)[6] state, "Income generally is reported in terms of money. This is convenient because nearly all business transactions are completed by money payments and because money is a convenient common denominator with which to obtain the sum of satisfactions." They also point out that money income alone does not constitute the total family income.

From an analysis of the various studies carried out in U.S.A., on money income, Bigelow (1958)[1] has made certain generalisations about individual and family income as given below:

1. The general level of family income varies from periods of prosperity when it is very high, to periods of depression when it is very low. This is due to the changes in national income, other economic conditions and general price levels.

ii. Available income is never evenly divided among families and spending units in any country. At the lower levels are found the families having very little, or in some cases, no income at all. At higher levels are found individuals and families having very high incomes which leave a large margin of surplus even after the most lavish spending. The average per capita income does not give a true picture of the state of affairs, since the average shows enlarged earnings for most families.

iii. The general level of income varies directly with the size of the community in which families live. Farm families have the lowest income, and they are in the minority. The urban families are larger in number, and receive more income. The type of occupation has an effect on the amount of income received by the families.

iv. Incomes vary according to occupational groups. The relationship of the income of the various occupational groups to each other changes from time to time.

v. Family incomes vary with the number of wage earners in the family. That is, a family which has a larger number of wage earners receives greater income than that with fewer earning members.

vi. Family incomes vary directly with the years of school completed by the head of the family, since education affects the type of job, he can undertake and his skills.

vii. Family income tends to vary directly with the age of the head of the family, for the age groups upto 55, and inversely where the head of the family is over 55 years of age.

viii. Family income tends to vary directly with the size of the family or the number of persons in the spending unit.

Shastri's (1962)[10] study in India about the distribution of income in a rural sector in Bihar, confirms Bigelow's generalisation that, "Incomes vary according to occupational groups." Shastri observed that 82 per cent of the total village income was derived from occupations relating to agriculture. The agricultural population got 4.5 per cent greater incomes than non-agricultural population.

b. Real Income: Perry (1917)[11] stressed that a knowledge of family money income means very little, until that money was translated in terms of goods and services for the enjoyment of the family.

Waite (1928)[9] defines the real income of the family as comprising of the goods and services which a person has, to consume. A family's real income is derived from from the use of its money income, and also as a result of the efforts of the family members in the form of services. Real income includes services rendered by owned property and possessions used by the family members in their daily living. Real income varies considerably from one family to another, and from time to time in the same group. Two families having the same money income may not derive the same quantum of real income, since the existence and quality of real income used by families is closely associated with the management of all the family resources.

Nickell and Dorsey (1960)[5] picture the real income of the family as "The flow of goods and services used or available for any given period of time." The money income is not consumed as such, but is converted into goods and services and then consumed. Therefore, the family money income becomes dynamic only when it is converted into 'real income.'

Nickell and Dorsey (1960)[5] list the forms of real income as: services rendered by the homemaker and the other family members, items such as food produced in gardens, or fuel furnished from the home farm, servies derived from the use of durable goods owned by the family such as, its house, equipment and automobile, and services derived from the community through public schools, libraries radio programmes, parks and fire protection.

Kyrk (1933)[4] classifies the goods and services available for the family as those obtainable by the use of money income, and those available for consumption without the use of money income. Thus the real income of a family is made up of those obtained by the use of money, and, those rendered by the community facilities, free of cost.

The value of a given money income to a family depends on a variety of factors such as: the number of family members dependant on the income, their needs and desires, the skill with which the income is used, and the price level prevailing in the economy. At any given time the value of a given money income to a family, depends on the cost of living at the time, in the locality, in which the family lives.(Kyrk 1933)[4]. The homemaker is not in a position to control these factors. The adjustment of the use of the family money income and its management, therefore becomes an important managerial responsibility of the homemakers.

The number of members who depend on the family income, decides how the income is to be used. Bigelow (1953)[1] is of the opinion that the cost of providing for a large family, does not increase proportionately with the size of the family. The economies in large scale purchasing and differences in consumption of the various age groups, are responsible for the progressive decrease in the cost of providing for the members in a large family.

c. Psychic Income: Nickell and Dorsey (1960)[5] define Psychic income as "that flow of satisfactions that arises out of our every day experiences derived largely from the use of money, and real income, making for psychic and physical well being." Psychic income is intangible and subjective, but is the most important of all income in terms of quality of living.

Making decisions as to the manner in which income shall be used to fulfil the family's needs, desires and responsibilities, collectively and individually, becomes a major function of the family. The money income needs to be used wisely, to get the maximum goods, services and satisfactions for the family. Therefore, the maximum satisfactions from the resources available is the main purpose of income management in the home. (Nickell and Dorsey 1960)[5]. Satisfactions experienced by the members of the family out of the consumption of the real income constitute the Psychic income.

Money income plays such an important role in our present market economy, that it is hard to realise that in olden days, prior to the evolution of the present monetary system, families satisfied all their wants without the use of money. However money is only a tool, a convenient device, in getting the goods and services, to satisfy our wants. Thus it contributes to real and psychic income.

2. Sources of Income:

The main sources of family income, according to Andrews (1935)[8] are, outside income, household income and social income.

a. Outside Income - This is got from three sources:-

i. Outside Labour Income: Outside labour income comprises of the wages, salaries and goods secured by the paid routine service of members of the family, outside the home.

ii. Outside Management Income: Money profits secured from the business leadership of the proprietor or the owner of a business enterprise.

iii. Outside Investment Income: are the returns from invested funds outside, interests on capital put into bonds, dividends on capital stock, and rent on land.

b. Household Income: This is got from three sources.

i. Household labour income: Comprises the goods and services created within the home, by the non-wage earning productive routine services of the housewife.

ii. Household Management income: Comprises the advantages accruing to a family, due to wise planning, organising and administering of its affairs.

iii. Household capital income: Comprises the immediate services of those items of permanent capital goods, both productive and consumptive, which the household owns, and uses in its own work and living.

c. Social Income: Social income is secured from the use of social capital and social services rendered by the community, state or nation.

Kyrk (1933)[4] lists the sources of income received by individuals as: agricultural products sold and consumed in farms and rental value of farm homes, mineral products, manufactured products and construction, transportation and communication services, Government services, electric light and power, banking services, personal services as those of professional men, rentals of business buildings, and other classified income, merchantile services, food produced for home consumption, rental value of urban homes, interest on durable consumption goods other than residences and foreign investments. Income according to this classification is produced, received, and consumed.

According to Canoyer and Vaile (1951)[6] "Income originates in the efforts of individuals working with natural resources and man made capital." Lasser and Porter (1956)[12] cite five sources of income: job, business, interests, dividends and gifts.

3. <u>Family Expenditure</u>:

Andrews (1935)[8] defines 'expenditure' as 'income use'. Expenditure is the 'outgo' of the 'income'. Kyrk (1933)[4] points out that the goods considered essential by one as constituting one's standard of living are, "The goods most desired in the sense that they will be first secured and last given up."

The standard of living of the person influences his level of consumption. 'Consumption' consists of the total commodities and services a person possesses and utilises. In determining their standards, people are conscious of the material things which they deem fit and proper for them to possess. Therefore the standard of living a person holds, is inevitably affected by the type of expenditure he incurs. Thus the manner in which the person's income is spent determines how he lives, his standards of consumption, and standard of living.

4. <u>The Income And Expenditure Patterns As Affected By The Family Life Cycle:</u>

The life cycle of the family with children, passes through many stages, each stage making a special demand or exerting a specific strain upon the income stream. (Nickell and Dorsey 1960)[5]. The family's financial situation at any given stage, depends largely on what it has accomplished or failed to accomplish in the previous stage. The stages of family cycle start when the husband and wife start life. At this stage their income may be small and fluctuate as the life cycle advances.

Nickell and Dorsey (1960)[5] list seven stages in the family cycle: (1) adjustment stage, (2) accumulation stage,

(3) grade school stage, (4) high school stage, (5) college stage, (6) recovery or rediscovery stage, and (7) retirement stage.

Gross and Crandall (1954)[14] describe the cycle in eight stages: 1. period of establishment, 2. child bearing, 3. elementary school stage, 4. high school stage, 5. college stage, 6. period of vocational adjustment of children, 7. period of financial recovery, and 8. period of retirement.

While discussing the family life cycle and the increase in income Nickell and Dorsey (1960)[5] state that for a wage earner who gets periodical pay once a day, week, or month, the income may increase through very small instalments along with the increase in his age and experience. But this income has a tendency to come down after the age of his retirement and reach a nil stage, except in cases where he gets pensions. For a professional man whose income may not be fixed or regular, the trend in the increase in income shows a difference from that of a wage earner. For professional people the increase in the earlier stages shoots up, unlike the gradual increase in the case of the wage earner. After the initial shooting up, a gradual increase in income takes place and maintained at a particular level, without coming down, as in the case of the wage earner. In both cases, there is change in income level throughout the life cycle.

Incomes of families vary with the number of earning members in the family, and the extent of their earnings. A family having more than one earning member has a larger family income than a family having only one wage earner, unless the single wage earner is one earning very high income. When the family cycle is at the growing stage, when children come up to earn, it receives a higher income, than what it had at the beginning stage, when only the head of the family was earning.

Different stages of family life cycle, make varying degrees of demand on the family income and change the pattern of expenditure accordingly as shown below by Nickell and Dorsey (1960)[5].

Stage in family life cycle.	Demand upon family income.
1. Adjustment.	Very light.
2. Accumulation.	Heavy.
3. Grade School.	Light.
4. High School.	Moderately heavy.
5. College.	Heaviest.
6. Recovery or Rediscovery.	Either light or heavy.
7. Retirement.	Lightest.

At the beginning stage of the family cycle, when the husband and wife start their life, a few expenses have to be met for starting the household. In this venture, sometimes the parents of the newly weds help them, or they may have to meet their expenses themselves. At this stage of establishing the household, investment in household equipment and other initial expenditures may be high. When the family expands, and children are educated, the expenditure on education, food and clothing increases. Thereafter, when the family comes to the stage of recovering and retirement, the expenses become light. At the same time the income also increase at the fifth stage. When the family has the highest level of expenditure, because the children will be receiving college education.

Although the income increases along with the increase in expenses, it is not in proportion to the increase of expenses. The expenses may increase much faster than the increase in income, thus upsetting the balance. Hence the importance of good management, to get the maximum benefit out of the available family income which will balance the 'income' and 'outgo'.

No two families may have identical expenditure patterns. However, a study of the expenditure patterns of various families show certain similarities. The same family may have changes in its pattern of expenditure, as its life cycle changes. But the basic principles are found to be applicable to all the families. For example, Engel's view is that as the income increases, the proportion of income required for food is a decreasing share of the whole expenditure, although the absolute amount spent for food, of course, actually increases as income increases. The proportion spent on sundries, cultural wants, education, health, reading and services - increases as income increases. The proportion spent for shelter, clothing, fuel and light remain practically unchanged, whatever be the income. (Kyrk 1933)[4].

B. The Income Expenditure Plan or Budget:

Bigelow (1953)[1] observes, 'that a family budget is not a classified system of household accounts. It is not an arbitrary division of each month's income. It is not a hard and fast list of pre-determined expenditure, an iron clad arrangement allowing for no variation or flexibility in the use of income. The family budget is a spending plan. It is a tentative estimate of the family's income and of the family's expenditure for a realistic list of items. It is a guide to intelligent spending.' The budget will not help the family to get more than the rupee's worth in return for each rupee it spends, but it will help the family to spend its money for the things it wants most and get a rupee's worth of things for each rupee it spends. As Lavitt and Hanson, (1950)[15] express, "a budget, whether for a Government, a big corporation or a family, is nothing more than a financial statement of estimated income and expenditures for a coming month or year."

Budget is therefore an income-expenditure plan which helps the family to provide for the spending of its money income in the best possible way. It is a plan based on previous experience, present needs and future expectations.

It helps the family to achieve maximum satisfaction with its limited income.

The income and expenditure pattern of a family signifies the available income of the family and the manner in which that income is used under the given circumstances. The expenditure pattern of a family comprises all the items on which the income of the family is spent such as: food, clothing, shelter, fuel and lighting, education, medical services, social, religious and miscellaneous items. The amount spent on each of these items and the quality of goods obtained, with the amounts spent characterise the income expenditure pattern of the family.

Macleod, (1920)[16] defines the Budget as "a pattern for one's spending and it bears the same relationship to the income as the paper pattern does to the material out of which a dress is to be made."

Norton (1920)[17] defines a standard budget as "One that may be presented as a model towards which individual families should endeavour to adjust the division of their incomes." Williams (1930)[18] is of the opinion that "family budget is a plan for spending for a particular family and is an instrument of public policy."

"The Budget", Quisenberry (1949)[19] opines, "represents what men commonly expect to enjoy, feel that they have lost status and are experiencing privation if they cannot enjoy and what they insist upon having."

Nickell and Dorsey (1960)[5] say, "The family finance plan or the budget is the method of using income as a planned, shared family project." It is therefore a plan for using the family income with perfect understanding by both husband and wife, after realising and analysing the needs and resources of the family members and actually working out a plan for the use of money.

1. Factors Affecting the Income Expenditure Pattern:

The expenditure pattern of the family is decided by a variety of factors such as the general price level, the economic position in the country, the family composition, the place of residence, the tastes of the family members, the strata of society to which they belong and the total family income available. The first two factors are beyond the control of the individual homemaker and the rest can be controlled by the homemaker. There are other factors such as the setting of certain goals and values which will help to decide her expenditure pattern. From a study of expenditures of Illinois farm families, Millican (1959)[13] observes that the most important factors affecting the expenditure are: family size, age of family members, age and marriage cycle, savings, education and income.

a. Size of Income: The size of income is the most important single factor in determining the pattern of the expenditure of that income. As Kyrk (1933)[6] has pointed out, as the income increases, the total expenditure also increases, although not at a proportional rate.

Ball (1924)[20] discusses the results of the study made by the U.S. Bureau of Labour on standards and appropriate expenditure for the essential items of food, shelter, clothing, health protection and sundries. The expenditure on the different items were found to increase as the income increased. At a low level of income, hardly adequate or even inadequate provisions were made for clothing, and a mere approach to adequate nutrition. Public facilities were used to a greater extent. As income increased, more items of expenditure were included, and some amount was set aside as savings also. These observations show the effect of the size of income on expenditure patterns of families. "As the income increases, the proportion spent for shelter remains constant, that on food decreases, that on clothing, furnishing, and sundries increases, according to the laws of Engel, somewhat modified for the United States."

Gross and Crandall (1954)[14] give a graphical representation of the spending and saving patterns of families at different income levels, having two or more members. The three most significant effects of an increased income were: increased savings, a decreased percentage of expenditure on food, and an increase of expenditure on items other than food, clothing and shelter. He found that the largest item of expenditure incurred in the majority of cases, was dairy foods.

b. The family life cycle: Gross and Crandall (1954)[14] cite the results of some studies made on how the use of income was affected by the family life cycle. They record that an increase in family size, led to a corresponding decrease in the per capita income of the family. When the number of members increased the proportion spent on food also increased. The expenditure on housing, household operation, clothing and other items remained constant, at all the stages. However expenses on medical care tended to increase during the first two stages of the family life cycle.

Coles and Shenk (1949)[21] discuss the relation of children's age to clothing expenditure. Families with two children under six years spent 14.2 per cent of their total income for clothing. Families having one child under six years and the other over six years, spent 16.8 per cent. The money value of gifts received was higher in families where there were small children. The clothing expenditure, therefore, varied greatly with the age of children in the family.

Monroe (1942)[22] summarises: Given the same income, (1) elderly families without children generally save more than the young families. (2) Young husbands and wives generally spend more for clothing, personal care, recreation and household furnishings, than do the old at the same living level. Older groups place greater values on housing, food, household operation, gifts and contribution to welfare.

Morton and Clark (1930)[23] show the differences in budgets of married and unmarried earning women in the University of Nebraska. Among women staying alone, the largest item of expenditure was savings, which amounted to 27.7 per cent of the income. Next item of expenditure was on clothing amounting to 14.7 per cent of the income. For the mixed group, expenses on shelter and food were higher and savings and expenditure on clothing were notably lower, than those for the group of women living alone.

e. <u>Location of the Family</u>: The location of the families affect their expenditure pattern considerably. Among urban families, in the low income brackets, the average money incomes are much higher than for the farm families. However, the total income including money and real income, are comparable.

The expenditure of income by the families reveals to a great extent their standard of living. The income may be the same for both urban and rural families but the pattern of distribution of expenditure is quite different, because of the types of real income available to the farm families.

Gross and Crandall (1954)[14] refer to the difference in income and expenditure patterns of farm and urban families. In both the cases the income groups were in debts, the farm families owned greater amounts due to their lower money income. In the case of the high income brackets, the savings in the farm families were six times higher than that of urban families. At high income levels, urban families spent larger proportions for clothing and personal care, than farm families. This difference was not observed among the low income families.

d. Occupation Of The Head Of The Family: The occupational status of the head of the family also influences the expenditure on clothing. Coles and Shenk (1948)[21] observed two groups of wage earners - clerical and professional men, having the same income. The former group spent less on clothing, as compared with the latter group.

e. Knowledge of Wise Planning: Blackey (1919)[24] observed "Wise spending implies the balancing of all needs, and of all means of meeting these needs, and after balancing needs against means, spending in such a way as to meet the most urgent wants, even if lesser ones have to be left unsatisfied." In essence, wise spending means making sensible budgets and following them. The income of the family affects its expenditure pattern, which in turn, if wise, may enhance the income of the family. Thus the adequacy or inadequamy of a given amount of income depends upon the manner in which it is spent by the family.

An expenditure plan-wisely conceived, distributing the income judiciously among the various items, can help in balancing the 'income' and 'outgo'. Planned spending gives more for the income, than haphazard spending. Ball (1914)[20] observed that maintenance of standards depended more upon wise expenditure than on income. Lasser and Porter (1956)[12] state "over half of the sickness in this country arises not from physical causes, but from emotional and nervous disorders and more than half of these spring from economic insecurity and money worries." A good expenditure pattern with due consideration for the circumstances of the families, to cater to their needs, offers financial security and avoids worries, thus ensuring health of the family.

Nickell and Dorsey (1960)[5] express that the purpose of a wise expenditure plan, is "to get the greatest satisfactions from the resources......., the development of the various individuals in the family, the furthering of group happiness, and the opportunity to contribute to civic well being." Children should be trained in wise family finance, and to face the financial situations of their families. As stressed by Whatton (1924)[25], "children should be trained to find joy in simple, inexpensive pleasure, rather than to call early on all hands to help paddle the family ship." Such early childhood training will provide for the wise expenditure pattern in the future. Standardised patterns of expenditure that fit all families do not exist. Plans must be evolved, by an assessment of income and careful analysis of each phase of an essential need, in order to bring the two together and arrive at a satisfactory plan for each family.

Thus income and expenditure are inter-related and interdependant. Income determines and limits expenditure. Expenditure is often a driving force to increase one's income. When circumstances necessitate increase in expenditure, the members of the family, try to increase their earning capacities, and the homemaker makes all possible effort to enhance the real income of the family.

2. Different Types Of Budgets:

Bigelow (1953)[1] gives two broad classification of budgets - actual and theoretical budgets.

Budgets

- Actual Budgets
  - Average Budgets
  - Standard Budgets
- Theoretical Budgets.
  - Typical Budgets
  - Ideal Budgets

Actual budgets picture the actual spending plans of families and they are never exactly alike.

Theoretical budgets are more or less arbitrarily designed to represent typical or desirable plans for groups of families living on a given social and economic level. These are budgets that are expressed in terms of money, or in terms of percentages of family income or again those expressed in terms of the quantity and cost of a long list of items which a family is assumed to buy.

Average budgets are devices for describing, analysing and comparing the expenditure patterns of families in given economic and social groups. Average budgets are worked out by averaging the actual expenditure of families for various commodities and services.

Typical budgets are statements of what the person who makes the budget considers to be typical expenditures for the families in a particular economic group. They are based upon the study of a large number of actual family budgets but they represent the mode rather than either the median or the arithmetical average of all expenditures. The typical budget gives an artiste's conception of the essential elements in the expenditure pattern of a group of families.

A standard budget is an average or typical budget designed to represent the spending plan of the average family in a given social or economic group. It can be used as a guide in working out actual budgets for families living under similar conditions.

An ideal budget represents the author's idea of the best possible way to spend a given amount of money under an assumed situation. Usually it assumes more income than most families in similar situations have available; it assumes ideal rather than actual market situations, and greater knowledge and foresight and intelligence, than are available for any actual family.

A quantity cost budget is a convenient device for estimating the cost of providing a family with a given list of commodities and services under local market conditions.

3. Items In The Budget:

Bigelow (1950)[1] observes: budget headings indicate the various items on which the family income is spent. They are a convenient means of grouping the long and varied list of items to be included in the budget to make sure that each item is attended to. The classifications need not be similar in all cases, but there are some groups of items such as food, clothing and shelter which are common to all budgets. They appear in all the standard classifications. "Such a classified list of items in the budget helps to divide a long list of heterogenous and apparently unrelated items of expenditure into workable units." A long list of Budget headings that will help families to plan their budget is mentioned by Bigelow (1950)[1], Macleod (1920)[16], Gilbreth, Thomas and Clymer (1960)[26]. They are: Food, Clothing, Housing, Household operation, Transportation, Personal expenditures, Advancement expenditure, Health, Education, Recreation, Organisation memberships, Savings, Investments and Insurance, Expenditure on other items.

These headings reflect the family's actual expenditure in day-to-day living. The details of the various items of the budget as discussed in the Money management pamphlets are given below:

"Setting apart the apportionment on food and spending it to satisfy all the needs of the family members, is a day-to-day challenge" (1958)[27]. The manner in which the buying of food and its storage are planned and done affect and influence the benefit it can give to the family. Food is the most important of all the items since it is a vital necessity and the quality and quantity of food available for the family members affect their health, efficiency and happiness.

Clothing is a highly variable item in the budget. How much a family spends on clothing depends on its own particular situations, its income level, tastes and likes of members of the family and the number of family members and their clothing needs. The objective of clothing manament is to further the physical, social and psychological well being of each member of the family in each stage of the family's life and to do this with a reasonable expenditure of the family's resources both human and material(1957)[28].

The family's shelter is in no way less in importance than its food or clothing. The house should provide space for good living for every member of the family. "Home should be a place where each person finds relaxation, renewal of spirit, affection, a chance for self expression and happy group living." (1958)[29]. The different stages in family life cycle have differing needs and demands on the housing of the family. All these should be considered and adquate allotment for shelter made in the budget.

Keeping up the house, its repair, furnishing and arrangement contribute equally to the healthy and happy living as does the selection of the house. These expenses occur regularly, either monthly or annually to all the families irrespective of whether they own the house or rent it. The full use of the house selected can be realised only when the operation and upkeep needs are catered to properly. (1958)[30]

Transportation takes away a considerable part of the family's income. Owning a vehicle or renting it when needed depends on the economic standing of the family in the society. In either case it has to incur certain charges. The maintenance and operation charges if they own a car or the hire charges to be paid if they have to hire it, form their transportation charges.

Personal expenses assume a considerable part in the family's budget. It includes the personal needs of the members of the family such as cosmetics and other individual items. Though clothing, recreation, education and health items concern each individual in the family, they are considered to be among the group items in the budget.

Good health and recreation are vital to good living. "Money wisely spent to maintain or restore health, or to prevent sickness or accident is an investment in yourself and your peace of mind." (1959)[31]. Recreation is doing what you want to do, when you want to do it and at your own pace. "Wisely chosen recreation can promote better mental and physical health and increase one's ability to enjoy living," (1959)[31]. The recreation of the family may be an individual item or a group activity. It takes thoughtful planning to make good recreation and health facilities for the family, according to the resources available. The family members can find ways and means of recreation without incurring expenditure.

The expense on education is a type of investment by the family in their children, for their future life. As Judson (1924)[32] observes, "Provision for children's future does not end with the making of proper financial arrangements giving proper education to them is more important." The value of the family places on education will decide the level of expenditure and whether they are prepared to sacrifice the present for the future and whether they would go to the extent of burdening themselves with a heavy debt.

Savings and investment form an important part of the family budget. "Saving money and investing it intelligently is important to both personal and family financial security...... The purpose of saving and investing is to help you to accomplish those objectives in life, for which money is necessary." (1939)[33]. No set pattern of saving and investment can be suggested for any family or families coming under particular income level, due to differing needs and wants of individuals and families and varying stages of life cycle.

4. Steps in Budgeting:

Macleod (1920)[16] gives 3 steps in making a budget -

1. The size of income should be known - if the income is variable, the minimum, likely to be received should be used as the basis;
2. Decide what one wants out of that money;
3. Plan so as to get as many as possible of the things that are wanted.

Studley (1939)[34], and Donham (1919)[35] mention the ...cedure for budget making as -

...mating the probable minimum income for a year -
... rents, allowances, interest and similar

...s which must be provided from the
... variable or seasonal expenses,
... bill or savings:

(iii) Grouping these items under six headings - savings, shelter, food, operating expenses, clothing and development;

(iv) Estimating the cost of maintaining the standard of living indicated by the items listed, writing the estimates besides the items and adding the totals in each section or group of items;

(v) Comparing the total estimated expenses with the total expected income;

(vi) Consulting the plan before buying and making the plan, control expenses.

Bigelow (1953)[1] mentions all the points given above and emphasises balancing the budget which is a very important step in the budgeting process. It means, bringing expenditures in line with income. He mentions two ways of balancing the Budget.

(i) Increasing the family's money income, or

(ii) reducing expenditures until they are in line with expected income. Both these ways cannot be practised fully, because it is not in the hands of the earner to increase income or decrease the expenditure as and when he wishes, because at least the minimum needs have to be met. The expenditure has to be adjusted in order to keep it within the estimated income. It is safe to plan expenditure much below the anticipated income so that, any alterations and increases of expenditure can be met safely without strain on the income.

Balancing the budget realistically means, perfect understanding of each item of expenditure in relation to the family situation and how it can be handled for betterment. This understanding is made possible only through an appraisal of expenses incurred in the past by the family, and how the income had been handled in the past months or years. Accounts are the sole source of such information for the families.

Monroe et al (1933)[36] stress the fact that, "an analysis of the entire family situation is necessary to provide the facts with which to build a helpful spending plan, to work out a 'made to measure budget' from the ready made pattern." He gives the factors to be considered before budgeting as: size of income, number of members in the family, finding where the income is sensitive to changes in business sentiment and personal conditions - to maintain economic balance, the number of income earners contributing to the family incomes, age of the chief wage earner and his life expectancy, increases or decreases in earnings. The occupation, education, social position, environment, health and temperament of the family. They further point out that the knowledge of how the family income has been spent in the past, is important to make an intelligent budget with a practical as well as theoretical basis for the future.

Bigelow (1950)[1] gives two ways to build a budget:-

"LIVE WITHIN YOUR INCOME METHOD"

Estimating the family income for the coming year; dividing the income among the principal budget headings; and spreading the money assigned to each of the principal divisions of the budget over as many items as it will cover. Wherever called for, necessary adjustments must be made in the allocation between the various budget heads. This method emphasises the limits within which the family must confine its expenditures. It guards against setting a standard higher than the family will be able to maintain.

"THE MAKE LIFE WHAT I WOULD LIKE IT METHOD"

A family with a positive outlook on life with well established standards with definite long time aims, prefers this more positive plan.

The steps advocated here are -

Listing the actual items for which the family is to spend its money under principal budget headings;

Arranging items under each budget heading in the order of their relative importance;

Estimating as accurately as possible the probable cost of each item in the classified list;

Estimating the amount of money income which will be available in the period under consideration;

Totalling all the estimates for minimum essentials and fixed charges and for the more important items under each budget heading and comparing the total of estimated expenditure with the estimate of assured and probable family income;

Balancing the budget that is bringing the expenditure into line with income;

Checking for solvency;

Working out a system of positive chekks upon expenditure;

Checking the finished budget against the family's long time plans.

The steps in budgeting, even though worded differently by different authorities, mainly consist of four steps: Estimating the family's income;

Estimating the different categories of expenditure to be incurred;

Allotting the money required under each category of expenditure; and finally balancing the budget.

Donham (1919)[35] gives a method of division of income based on the psychology that "The human being finds it easy to save if he plans expenditures without reference to savings." To meet this quirk in reasoning, savings are set apart before expenditure is incurred and the remainder of the income divided as if it were the whole.

Brown (1924)[37] suggests that "Savings may be placed among the fixed expenditure."

A wise income expenditure plan or budget should not be a hard and fast pattern to be followed, but it should be something flexible, to suit the unexpected changes in the family situations. A rigid budget may disillusion people regarding its efficacy.

The education, experience and ability of the person who manages the family income; and the individual and family goals, aspirations, standards and methods of spending, though they differ widely from family to family and individual to individual affect and influence the quality of a budget, which is drawn to suit a particular family. The budget can be a successful one, only if it caters to all these requirements.

It is evident from the above arguements that only a budget that is planned with all consideration for the individual family situations and which is flexible to suit the changing needs of the family, can help to promote efficiency in spending. In the words of Lord, (1924)[28] "The aim of the budget is to provide a system for such an orderly expenditure of funds, within the period covered, so that at its close there will be a balance on the right side of the ledger." If faithfully kept and lived upto, the budget becomes a faithful ally of the person to whom it relates. Instead of a haphazard hit and miss expenditure of the monthly income resulting in incidental or accidental savings, the budget plan compels the family to face the question of savings and investment before any of the money is spent. This provides security and stability to family finances. By an appraisal of Budgets, the family needs can be studied in relation to each other and the relative importance of each determined before any expenditure is made.

At the outset, it may seem that the budget will place irksome restrictions on the actions of the members of the family. The family budget delimits the boundary for family expenditure. The family budget becomes an essential aid to orderly house-keeping and fosters ideas of thrift and economy. Its adoption throughout the country would greatly strengthen the economic fabric of the nation.

Bacon, (1934)[39] states, "If you are ready to learn how to live more wisely, spend more intelligently, save more carefully and give more generously, adopt a budget". To put it in a nutshell it teaches 'efficient spending' to the individual, family or nation.

5. Problems in Budgeting:

The Budget plans evolved should consider each family individually, analysing its situation carefully. The difficulty in Budgeting arises when the families take a 'budget' as a rigid plan to be followed and try to follow it without much success. The need for flexible budgets are therefore manifest. (Donham 1927)[35]

People are not able to consider all their needs and means of meeting those needs with an objective outlook. When they become over powered by desires or habits, it makes them biassed in the spending of their monies. Such an attitude hinders intelligent allocation of the resources to all the items of expenditure. (Crandall(1948)[40] , (Hillman 1958)[41].

Individuals commonly have two statements to make when they are asked about budgeting - "My income is so small that I could not do any differently with it, any way". Or "I have a good sized income, so why should I bother with a budget?" Macleod (1920)[16]. They do not always realise that budgeting helps the low income family to get more out of their limited income and the rich family to get more of the things in life that one really wants. One of the most common and important problems in budgeting is a lack of understanding of the full meaning of budgets.

Another problem of budgeting is that we lack data which would furnish an adequate basis for setting up standards for apportionment of family expenditures in respect to food, clothing, housing and other items and the effect of occupation, nativity and locality upon expenditure patterns. The family of a professional man will have one concept of values, the family of a mechanic another. Hence, what might be a wise apportionment of income for the former would scarcely satisfy the latter. The need for standards is again brought out by Holmes (1958)[42] when he mentions the requests made by families in financial management counselling asking for information on standards for spending, consumer information, the process of management applied to family finances, relation of financial management to the various problems of life adjustment, saving and credit. From this list it can be seen that recognising standards, information about quality and price of goods, proper management of money, adjusting expenses to the differing circumstances of family life and providing for savings and investment are problems faced by families while budgeting their income and they need help on these lines.

G. Accounting.

Reid (1934)[43] is of the opinion that an expenditure plan is evaluated on the basis of what it achieves. This can be judged by an analysis of the accounts maintained. A household account is a record of expenditures actually incurred by the family in the course of the day, week or month. It contains the income got by the family, the expenditure incurred by the families and the amounts spent on each item of expenditure. Nickell and Dorsey (1960)[5]. Account keeping necessarily means noting down all the income and 'expenses' of the family in an orderly manner. There are many methods of accounting used in the household. Inspite of the differences in the form in which they are maintained, they have to fulfil certain criteria to be effective and successful.

Nickell and Dorsey (1960)[8] discuss the characteristics that are essential for an accounting system to be successful. Simplicity is a characteristic that is of prime importance in household accounts. The form of accounting should be simple and easy to handle, so that it can be comfortably integrated into daily routine. The account system should show all the information one needs to know, for making improvements. It should give the basic information but not too much, since it becomes cumbersome, when it is too elaborate. It should be adequate in its functions. Flexibility is the characteristic most needed. The system should be flexible, so that it can be adjusted to the requirements of changing circumstances or conditions. Convenience with which the record can be kept, taken care of and items recorded are very important for its success. It should be easily kept so that all the members can participate in it.

The family can derive its own classification and method of recording which will make the task of account keeping desirable and habitual. The noting down of expenditures in the household can be done in 4 ways - a. in sheets, b. in envelopes, c. in note book or d. in card files.

(a) The accounts may be kept in single, double or multiple sheets. This method is simple and flexible because any insertions can be made easily. Since it can be kept at a place where the homemaker can reach for it when needed, it is convenient. But since, it is kept in an unorganised form the question arises as to its adequacy. Double or multiple sheets are better than a single sheet.

(b) The envelope system can be done in two ways (1) cash payment system - dividing money into amounts previously planned and placing the money for each group of item in separate envelope to be dispensed as the need arises. This method brings planning and accounting close together. Those who receive weekly income and who buy entirely on cash payment method, find this method useful. This method is direct, simple, highly flexible, adequate and convenient for small income families. For larger incomes this may prove inconvenient. (2) The second method is pure sheet accounting. A large manila envelope either single or double is used. Into it all bills, slips, notations and memoranda are put, spending a convenient time for recording these in order. The outside of the envelope is ruled for totalling and summarising recording. The system is simple, flexible and convenient. It is adequate, since all bills and expense accounts are kpet secure and in order.

(c) The accounts, to be more careful and safe, can be kept in note books. Either bound or loose leaf notebooks can be used. This method is simple. Loose leaf book is more flexible than note book, since here also some insertions can be made. Note books are especially convenient when children are aiding in account keeping, for they are durable and will withstand much handling.

(d) The card file system is a bit complex and is a one man system. Carruth (1920)[4] explains the making of a card system of household accounting. Two cards and a check book will do as a starter for the system. The cards may be increased according to the zeal for detail increases.

In the cash account record every cent of cash which goes into and comes out of the household purse is recorded. All the expenses are entered as and whent they are incurred with the date, source of income, amount of income and expenditure. These are summarised at the end of a month by categorising the items of expenditure and totalling up the expenditure.

The card file system can be expanded indefinitely and is highly flexible. Though adequate is is not very convenient or simple, except for a person who enjoys a high degree of organisation. The card file system is not advised for families where children are to aid in accounting.

Nickell and Dorsey (1960)[5] give directions for keeping accounts as: 1. Start simply, 2. work out a system to suit your personal or family needs, 3. stick to your account keeping until a habit is formed. 4. control the accounts, do not let the accounts control you.

Account keeping has been looked upon as an irritating and trying task, since it has not been cultivated as a habit or its importance fully realised. Motivation for account keeping is not very insistent and strong, since it does not give any immediate and obvious returns. Conscious efforts, therefore, should be taken to make it a habit and start liking it. Winslow (1916)[65] gives directions for keeping accounts.

At the beginning of each week, write the weekly cash record form. Make a note of the cash on hand which you could use. As and when you spend the money, record it under the appropriate head with the correct price paid and the date on which the expenditure was incurred. If any money is added to or withdrawn from your savings funds, record it on the page at the back of the book. If any debts are incurred or paid off record this also. At the end of the week, add up the figures in the various columns and enter the totals on the summary page at the beginning of the book, in a column dated in the same way as the weekly record sheet. The cash for use, the cash used and the cash in hand should be calculated and the total should tally.

Macdonald (1919)[66] is of the opinion that the household account book should be so arranged as to give the homemaker information clearly and easily. If accounts are maintained properly and evaluated dispassionately the Budget will be carried out effectively.

Many families know clearly or at least have an idea of how much they spend for the major items of expenditure like food, clothing and shelter. But, to remember the details of each expenditure item is very difficult. It is very important to know how much is spent for each part of the different items, if one has to adjust the cost of each to the changing conditions of the family; for example: to feed the family adequately under the changing conditions, it is worth while to know how much is being spent for the different items of food.

Accounts show how much has been spent in a particular period of time, usually a month, on the different items of expenditure and this gives a picture of how far the planned budget has been followed. The success with which the budget had been carried out and the amount of satisfaction derived by the family members are revealed by going through the family accounts.

Macleod (1920)[16] mentions two steps used in thrift. 1. making a budget, 2. keeping intelligent record of expenditure. He opines that the budget is a plan for spending and keeping accounts will help to see whether the budget is carried out or not. Crandall (1948)[40] says, "In the evolution of the management of money, accounts are helpful, for they are a record of how money was actually spent." Crandall lists the questions on the budget, the answers for which are found in the accounts mentioned.

1) Was the plan too rigid and inflexible?

2) Did the family make adherence to it a fetish?
3) Was it realistic, reflecting small likes and dislikes of the group as well as of fundamental values?
4) Did it represent the kind of life the family really wants?
5) Did lack of detail in the plan make it easy for the family to over spend without realising it?

Gillet (1936)[60] discusses the basis for estimating budget with a human quality, he says, "If the budget system is to command respect, it must be based on something fundamentally sound, something that will prove workable when put into practice." It is accounts that bring to light whether the budget is practicable or not and whether modifying it is practicable.

The flexibility of the plan, the ease with which is can be carred out, suitability to the family group and its situations and how it helps in thrift can be seen from an appraisal of the daily accounts kept in the past.

Accounting helps in developing a good plan of spending for the families who can view their own expenditure pattern objectively and want to improve it. It shows the items of expenditure incurred by the families, helps to discriminate between the necessary and unnecessary items and thus, helps in forming a suitable budget for the family. Macdonald(1919)[56] substantiates this fact by saying that a record of the amount and kind of expenses made and the value of each, a classified list of expenditures, so that one may know what is being spent for each group in the classification for one year, will help in developing a good spending plan for the family. Family accounts therefore act as basis for evolving practical budgets that suit the particular family situations.

Powelson (1955)[61] states, "Economic analysis requires constant comparison of people's intentions with their accomplishments. The accounting statement tells only which decision was made, not what the original desire or the alternatives were. So, accounting cannot be a 'cure-all' for economic problems, but it is valuable in the discovery of desires and intentions." The household accounts therefore help as indicators of desires, intentions of the people, pictured in the form of real expenditures.

The keeping of accounts, forms the basis of budget making. In an average family a number of people depend on one stream of family income. Some system of recording expenditures and other financial operations is necessary to make the income provide for all those who are dependent on it. A record of expenditures helps in giving adequate information on which plans and controls can be intelligently executed. Noting down daily expenses and simple records of accounts will help to ease the process of family finance management. Daily accounts kept in any form mentioned before, can help the family to evolve a suitable, practicable budget plan for the family, to evaluate the plan of spending used at present and to improve the present plan to give maximum effect to provide for all the desires of individuals living therein, to the maximum extent that their income will permit.

The accounts maintained by a family, will help it in correcting its income and expenditure, by giving an idea of how the income is actually being spent and how it could be improved to give maximum results.

Surveys conducted in western countries, prove that the data collected have provided solutions to many of the homemakers' financial problems. The studies made in U.S.A. and in India, and the uses to which such studies could be put are reviewed here.

1. Studies Made on The Subject

Many studies have been made in other countries on the income and expenditure of families under various circumstances.(Bigelow, 1953)[1]. 1. The first income and expenditure study made was by Brookings Institute in 1929. 2. The most extensive study undertaken so far is the 1935-36 study of consumer purchases - income and expenditure data from 3,00,000 families were collected and published in 1938-41 Bulletins. 3. The Bureau of Labour Statistics conducted the study in the large cities and Metropolitan areas. 4. The Bureau of Home Economics published data from studies in smaller cities, towns, villages and rural areas.

"Information about the expenditure of families of low and moderate incomes is not hard to come by nowadays, but actual figures from well-to-do families doe not so often find their way into print.", says Zitlow (1931)[49]. Zitlow made a study of two families in the same economic status regarding their expenditure. One family spends its income carefully towards a more satisfactory social status. This it does by selecting its goods and services with intelligent care. It has more present satisfaction and better assurance for the future than the family which has a haphazard way of spending and has less discrimination.

Monroe et.al.(1932)[50] trace the previous studies made. The pioneer in this field of research was Ernst Engel, who worked out units of consumption which he called the 'quet', which has helped and is helping many of the European studies. Carrol D.Wright presented a plan for comparing "the quality and value of goods consumed by differently sized families," in her report as U.S.Commissioner of Labour in 1890. Since 1890 two types of scales have been worked upon by investigators. a. Scale based upon the energy or other nutritive or physical requirements of persons of different age and sex. b. Scale based on the expenditure made for members of families who were of different age and sex." By the use of these scales a family could be reduced to cost consumption units. The income per unit determined, and guides for spending could then be presented upon a far more definite method of attack than guides based upon income per family or even income per family of given size.

In the United States, cost consumption units were evolved, based upon the maximum total expenditure for maintenance of the average adult male of 19-30 years of age. These cost consumption units are feferred to as 'ammoin'.

Monroe et.al.(1932)[50] say "The posibility of improving household management by introducing standards for expenditure of money, time and energy has been a favourite topic ever since the term efficiency in its modern sense appeared in the industrial vocabulary." It is clear however that the question of establishing standards for household expenditure is very different from that in industry and probably more complicated. The authors however feel that any general standards, even more information about current and proposed practices and their value from both practical and theoretical points of view, are needed.

Brookes (1939)[51] reporting on the income and expenditure of 35 moderate income families in Tuscon, concludes: The study pointed out to the need for making due allowance for inefficient food buying and poor management when a commodity-quantity budget is set up. The effect of climatic conditions on the spending patterns of families was also very evident.

Watson (1943)[52] making a study of 50 low-income families in Ames, Iowa says "The more needy the families were, the less conscious they were of their needs."

"Food problem" was the most felt and realised by 10 of the 50 homemakers studied. Better buying and plan for buying, preparation and nutrition knowledge can help them to improve their expenditure pattern. The problem of clothing expenditure was realised only when they were posed with acute problems taken from daily life. The homemakers were not aware of the facilities for recreation provided for them. That 'money did not go far enough' was the common complaint. 33 families out of 50 made definite plans ahead of time for spending and 37 kept record of money spent.

Freeman and Crouch (1943)[53] report that a case study of any family expenditure pattern will be useful to the extension worker since it will help to discuss the problems of the homemaker, she is interviewing. Though every budget presents its own problems, an analysis of case facts leads to conclusions of general significance. Such case studies help in stimulating discussions. A case study of one family was done by Freeman and Crouch over a period of 12 years, and the results were used, in their interviews.

Morse (1958)[54] lists the studies made on income and expenditure by various bodies in the U.S.A. They are comprehensive and deal with consumer expenditure; inquiry into the effects of income, family type, occupation, region, degree of urbanisation spending and saving relating to the age of the wife and number and age of children.

Quisenberry,(1949)[19] cites the work done by the Bureau of Labour Statistics under the direction of the House of Representatives in the United States, in 1945. The Bureau of Labour Statistics was directed to find out "what it costs a worker's family to live in the large cities of the United States". The committee was interested not only in the relative difference in living costs between cities, but more especially to know the total amount of dollars required for the worker in each of these cities. An urban American family of four was chosen, with the intention of developing additional budgets later for families of other sizes. A list of items and quantities was made and prices applied to them. This study shows how the idea of satisfying mere quantitative needs is receding to the background and replaced by the idea of the desire for better and better quality. The idea of the welfare budget replaces the idea of the subsistance budget. A study of budgets tells the persons the state of affairs at the State and the National level where the citizens are and where they are aspiring to go.

Gorrel (1954)[55] made a study of farm incomes and living costs for certain Kansas farm families for almost two decades from 1934-50. The study covered 2,800 annual farm and home income and expenditure records, kept by 967 farm families, who were members of the Farm and Home

Management Association. The material collected was grouped under 3 periods, 1934-'40 -- 7 years of pre-war period before the II World War, 1941-'45, 5 years during the war, 1946-'50 first 5 post-war years. A comparison of incomes and costs of living over a period of 17 years reflected the changes in the Economic conditions of the country, as they influenced the current market where farm products were sold and consumer goods were purchased.

Marriam (1955)[56] studied the pattern of expenditure of newly married couples. She arrived at a general pattern of expenditure from these studies and concluded that guidance is needed for the young families in instalment buying, utilising health and hospitalisation facilities, realising the importance of life insurance for the young family members and arriving at more adequate records and accounts that are easy to follow and keep.

Honey (1956)[57] points out that a study was done in the Pennsylvania State University in 1955 to observe important decisions that families make in regard to the uses of their financial resources, the methods they use to make these decisions and their own evaluation and satisfaction. The purpose of the study was to find effective ways by which families decide upon the best use of their incomes and other financial resources. The conclusion arrived at from the study was that certain types of plans for financial management in the home are satisfactory for the wife and certain others for the husband.

Numerous studies on income and expenditure patterns of families have been done in Western countries, by many authorities in the field. Income and expenditure studies have been started only recently in India to help towards raising the standard of living of the people.

A study has been made by Ganapathy, and Parthasarathi (1962)[58] on the urban savings pattern in Tiruchirapalli but this is only one aspect of the whole pattern. 300 households from the residential areas of the town were chosen and interviewed. They concluded that the idea of savings as a means to successful planning has not adequately caught the eye of the middle class people. Prize bonds to a certain extent have attracted a larger section of the saving public.

Ganguli (1960)[59] made a study of the consumption patterns in different occupation groups in the rural areas of Uttar Pradesh. The occupational groups selected were farmers and cultivators, agricultural labourers, and those in other occupations excluding share croppers. The consumption particulars on the items cereals, milk, sugar, gur and mustard oil were studied on 662 samples. She concluded that, the total expenditure alone cannot explain the differences in the consumption habits among the persons in the different occupations. Households with the same per capita expenditure, but belonging to different occupation groups did not necessarily have the same consumption habits. It was found that different occupation groups displayed different consumption patterns, although belonging to the same consumer expenditure group. Ganguli suggested that further studies were necessary in this direction to ascertain the exact nature of the consumption patterns.

Only a few, if any such studies have been made in India. More studies of this nature will help in the natural efforts to raise the standards of living through better consumption practices.

The consumption, income and expenditure studies are very difficult to conduct in India due to the illiteracy of the people, their unfamiliarity with the interview and shortage of time and facility. The people do not respond readily to questionnaires or interviews. They often give data that is based on wrong premises. Therefore prestige and other such factors influence their answers.

2. Use of Income and Expenditure Studies:

Woodhouse (1926)[60] lists the purposes of studying household income and expenditure. They are: To find out:
a. The relation between the size of income and the amount expended on various items,
b. The effect of prosperity and depression on family expenditure,
c. The relation between expenditure and business crisis,
d. Social waste,

e. The forces influencing the direction of family expenditure,

f. The relation between family and social welfare, and expenditures of various types and amounts of a given income group, by families,

g. The mode of household expenditure which provides the greatest benefits both to the family and for the society.

Studies of family income, expenditure and savings provide useful information about the ways in which families use their money income and the factors which influence them. This information is useful for the teachers of Home Science and Home Management, to those who advise families in their financial problems, and to homemakers in planning their financial resources wisely.

Honey and Young (1958)[61] list the uses of expenditure studies under (a) general uses (b) uses in planning courses of study (c) use in research. Under each sub-heading they have given a detailed explanation of how and when these studies are useful. This listing is comprehensive and educative and opens out new fields for research.

Investigators have shown that standards of living of a time and place tend to mould the spending habits of a given social group. Similar studies of the income and expenditure patterns of a representative sample of such a social group will help to reveal the flaws in their present consumption practices, to bring out the good paints in their practices and to work out a suitable plan for their use, which with minor alterations can be used by them to raise their standards.

Thus the income expenditure studies have a vast field of application, all the which are directed towards the welfare of the family.

D. Methods of Studying Income And Expenditure Patterns

The income and expenditure data are personal matters of the people and the data for the study has to be obtained from the families themselves.

Schluter (1929)[62] and Moser (1958)[63] point out the methods of obtaining data from primary sources as 1. personal observation, 2. personal correspondence as questionnaires and letters, 3. Assistants employed and using previously collected data, 4. personal interview.

1. Personal Observation Of The Phenomenon Under Actual Or Real Conditions:

Good and Scates (1954)[64] state, "Observation seeks to ascertain the overt behaviour of persons, by watching them as they express themselves in a variety of situations, selected to typify the conditions of normal living or to represent some special set factors. This is the most direct means of studying subjects when the interviewer is interested in their overt behaviour."

It is specific, systematic, quantitative, expert and can be checked and verified by comparing the results of different observers. Moser (1958)[63] opines that the observation method is not easily combined with random sampling and it gives too much scope to the subjective influence of the individual investigator. He further states that limitation in observation technique is brought out if we consider study of family budget, where detailed information, extending overtime is required from each family. An observer could live with a family and study its expenditure pattern, but, if this is possible at all, it can only be done on very small scale. Record keeping or interviewing are more appropriate methods in such a case.

2. Personal Correspondence: As Young (1956)[65] observes, "the questionnaire is designed to collect data from large, diverse and widely scattered groups of people." Mail questionnaires and letters do not get adequate response even though they are cheaper. Mail questionnaires are advantageous since, they give time for the homemaker to consult the family members regarding the data such as: earnings of the members and their exact ages. Moser(1958)[63] says that some people may answer certain questions, perhaps those of a personal or embarassing nature, more willingly and accurately when not face to face with an interviewer who is a complete stranger to them.

The questionnaire has certain drawbacks such as unless it is very simple, it cannot be understood by the people or used effectively; no checking is possible; it is inappropriate where spontaneous answers are needed; the respondent is able to refer to later questions, so each answer cannot be treated as independent and it does not provide the essential background material provided by observation.

3. Assistants Employed: Doing the survey by employed investigators or using previously or currently collected data produces many difficulties. The assistants may not understand or interpret the questions as they should be.

4. Interview: "Interview may be regarded as a systematic method by which a person enters, more or less imaginatively, into the inner life of a comparative stranger." (Young 1956)[65]. Of all the methods mentioned by Schluter (1920)[62] personal interview is the most suited for the study of income and expenditures of families, since it involves personal data. Burchinal and Hawkes (1957)[66] point out, that, "wherever the focal data of the investigation are the attitudes, perceptions or interest of persons, the most fruitful approach to obtaining the pertinent data, is to ask the individuals themselves." The interview is a face to face method of obtaining this information by means of conversation carried on by the interviewer and the respondent.

Good and Scates (1954)[64] have observed "It is necessary that a thread of questions provide for the interviewer the answers he is seeking, without gaps and doubtful interpretations."

It is necessary, therefore, that an interview schedule is prepared and used as the basis for the interview to be conducted in an orderly manner.

III. PROCEDURE

For this study which aimed at studying the income and expenditure patterns of a group of 150 families, the steps involved in the procedure were -

1. Selection of the method,
2. Preparation of the interview schedule,
3. Selection of the sample for the interview,
4. Conducting the interviews and recording the data,
5. Analysing and interpreting the findings.

1. Selection Of The Method:

The method selected for the study was the interview schedule, because of certain advantages. As Young (1956)[65] points out, "Interviews are useful in the collection of personal data for quantitative purposes. They allow the interviewer to go behind mere outward behaviour, aid him in checking his external observations and enable him to study motivations, emotional responses and social processes, as they are reflected in human experiences and social situations."

The interview method used in this study is called the 'focussed interview' type which according to Young(1956)[66] is, "The one which takes place with persons known to have been involved in a particular concrete situation...... It proceeds on the basis of an interview guide...... and is focussed on subjective experience."

Information about income and budgetary habits are very personal and these can be gathered only by means of tactful personal interviews.

2. Preparation Of The Interview Schedule:

In Young's (1956)[65] words "the interview schedule is a planned list of questions to be asked during the interview". An interview schedule was developed using an exhaustive list of questions, which had been prepared and arranged in a systematic order previously, to facilitate smooth conversation and easy collection of data and accurate recording.

The schedule thus prepared was pre-tested by interviewing 30 families, who were not included in the 150 families finally selected for this study. The schedule was revised in the light of the nature of information gathered, the ambiguities encountered and the difficulties experienced by the interviewer and the interviewed. The revised schedule was once more tested with another group of families and finalised as given in Appendix No.1.

The interview schedule which was finally adopted for this study contained questions to elicit the following information from the families interviewed:

(a) The family composition and the educational standards of the homemakers;

(b) Details about housing standards,

(c) Sources of family income,

(d) The expenditure patterns,

(e) Amount and methods of saving,

(f) The budgetary practices,

(g) The accounting practices,

(h) The attitude of the homemakers towards budgeting and accounting,

(i) The problems faced by the homemaker while budgeting and accounting.

3. <u>Selection Of The Samples:</u>

The sample selected for the study was a group of families of day students studying in Sri Avinashilingam Home Science College. These families were chosen because they could be reached easily and convinced about the importance of the study because of their appreciation of Home Science.

Random sampling was used to select the 150 families out of the 300, enrolled in the college, taking every alternate family.

The address of the families selected were obtained from the office of the college and classified according to the location of residence, which were distributed among the different areas in Coimbatore as listed below:

R.S.Puram, Agricultural College, Pappanaickenpalaiyam, Race Course, Ramnagar, Tatabad, Gandhipuram, North Coimbatore, Kattoor and Raja Street.

4. <u>Conducting The Interview</u>:

The interviews with the selected families were conducted by first establishing rapport and then asking questions based on the schedule.

a. <u>Establishing Rapport</u>:- Rapport was established by self introduction to the homemaker and the head of the family. The purpose of the study was explained to the family members and their confidence won by assuring them that the data collected would be kept confidential and and would not be put to any other use.

b. <u>Asking Questions Based On The Schedule</u>:- The questions were introduced gradually by the interviewer to the homemakers and their answers noted. Starting with enquiries about the size and composition of the family, a gradual approach was made with regard to the housing conditions and later about income. Income in terms of both kind and money was recorded. The amounts spent on each item of family expenditure was next obtained. Their habits and problems encountered relating to budgeting, accounting and saving and the attitudes of the homemaker towards accounting and budgeting were finally noted.

As already stated the families selected were co-operative and no difficulty was experienced in interviewing them. However, some difficulties had to be overcome in obtaining full particulars regarding savings, since income and

and expenditure are personal matters.

The information given in some cases were inferential, as the families had not kept accurate records of income and expenditure, because of changes in the family life cycle, and seasonal variations.

IV. RESULTS AND DISCUSSIONS

The results of this study are presented and discussed under the headings given below:

A. Family composition and the educational standards of the homemakers.

B. Sources of family income.

C. Family expenditure pattern.

D. Methods of savings.

E. Methods of spending.

F. Budgetary practices.

G. Accounting practices.

H. Attitude of the homemaker towards budgeting and account keeping.

I. Problems faced by the Homemakers while budgeting and Accounting.

A. Family Composition And The Educational Standards Of The Homemakers:

Table I shows the distribution of members in the families in the sample studied.

TABLE I

DISTRIBUTION OF MEMBERS IN THE FAMILIES SURVEYED

Number of members.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Number of families	.	2	9	22	22	27	26	18	10	10	2	2	.	.	1

As can be seen from Table I, the majority of families, that is 115, had from four to eight members. Twenty four families had a larger number of members ranging from nine to twelve. Only one which was a joint family had fifteen members. The average number of members was six per family consisting of four children and two adults. In this study, since the individuals below the age of 21 were found to be dependant on the parents' income, they were considered as children.

Table II shows the sex distribution in the families in the sample studied.

TABLE II

SEX DISTRIBUTION IN THE FAMILIES OF THE SAMPLE

Females ↓ Males	0	1	2	3	4	5	6	7	8	Sex total men	Sex total women
0											
1		1			1					5	2
2		9	16	7	4					78	72
3		5	12	12	9	2				111	120
4	1	2	10	14	7	7	3			148	176
5		1	3	9	2	2				57	90
6				1	2		1			21	30
7					1					4	7
8			1	1	1			1		16	32
			Total number							487	529
			Average number							2.9	3.5

Table II shows that the sex distribution on an average was 2.9 men and 3.5 women per family which indicates a larger number of women than men in this sample.

Table III shows the standards of education of the homemakers in the families studied.

TABLE III

EDUCATIONAL STANDARDS OF THE HOMEMAKERS.

Educational level.	Illiterate	Elementary school	Middle school	High school	College
Number of homemakers	3	37	21	65	24

From Table III, it can be seen that only three homemakers were illiterates. All the others knew to read and write. In this sample there were as many as 89 homemakers who had studied up to or beyond high School, including 24 graduates.

B. Sources of Family Income;

The families in the sample studies were from all the income levels. Table IV shows the distribution of families among the income groups.

TABLE IV

DISTRIBUTION OF FAMILIES ACCORDING TO INCOME

Income range in Rupees	1 to 200	201 to 400	401 to 600	601 to 800	801 to 1000	1001 to 1500	1501 to 2000
Number of families.	26	56	34	15	6	7	6

Table IV shows the distribution of the families according to the income ranges. Rs.201-400 income group had the maximum number of families. The next highest frequency was in the income range Rs.401-600. The average income per family was Rs.450/- pér month and the median income was Rs.399/- per month as shown in Appendix I.

Table V gives the various sources of family income.

TABLE V

SOURCES OF INCOME FOR THE FAMILIES SURVEYED

Sources of family income	Families receiving real income	Families receiving money income	Total number of families receiving income.
Land	38	28	38
Livestock	5	-	5
Services	-	146	146
House	35	11	35
Interest	-	10	10

Table V shows that the number of families receiving income from services was the highest, being 146, the remaining four families depended solely on land. Compared to this, the number of families getting income from house, land, interest and livestock was much smaller. The reason for the income from services predominating may be due to the fact that the sample was selected from an urban area.

Thirty eight families received income from lands, among whom four werea solely dependent on this source.

Twenty eight families got money income from lands over and above the amount of real income they received from the same source. Ten families received money income by way of interest. These families were found to belong to the upper income brackets. All the families having livestock got only real income from that source which was enough for their needs.

Thirty five families (23.3 percent of the sample) owned their house and as such received real income to the tune of 12.5 percent of their family income. Eleven families in this category got money income to the extent of 20.9 percent of their incomes by way of rent.

As for income from bonus, either due to irregularities in receipt or the reluctance on the part of the people interviewed, full particulars about this source of income could not be elicited.

C. Family Expenditure Pattern:

Table VI gives the expenditure pattern in terms of the percentage of income spent on different items by families in the various income levels.

TABLE VI

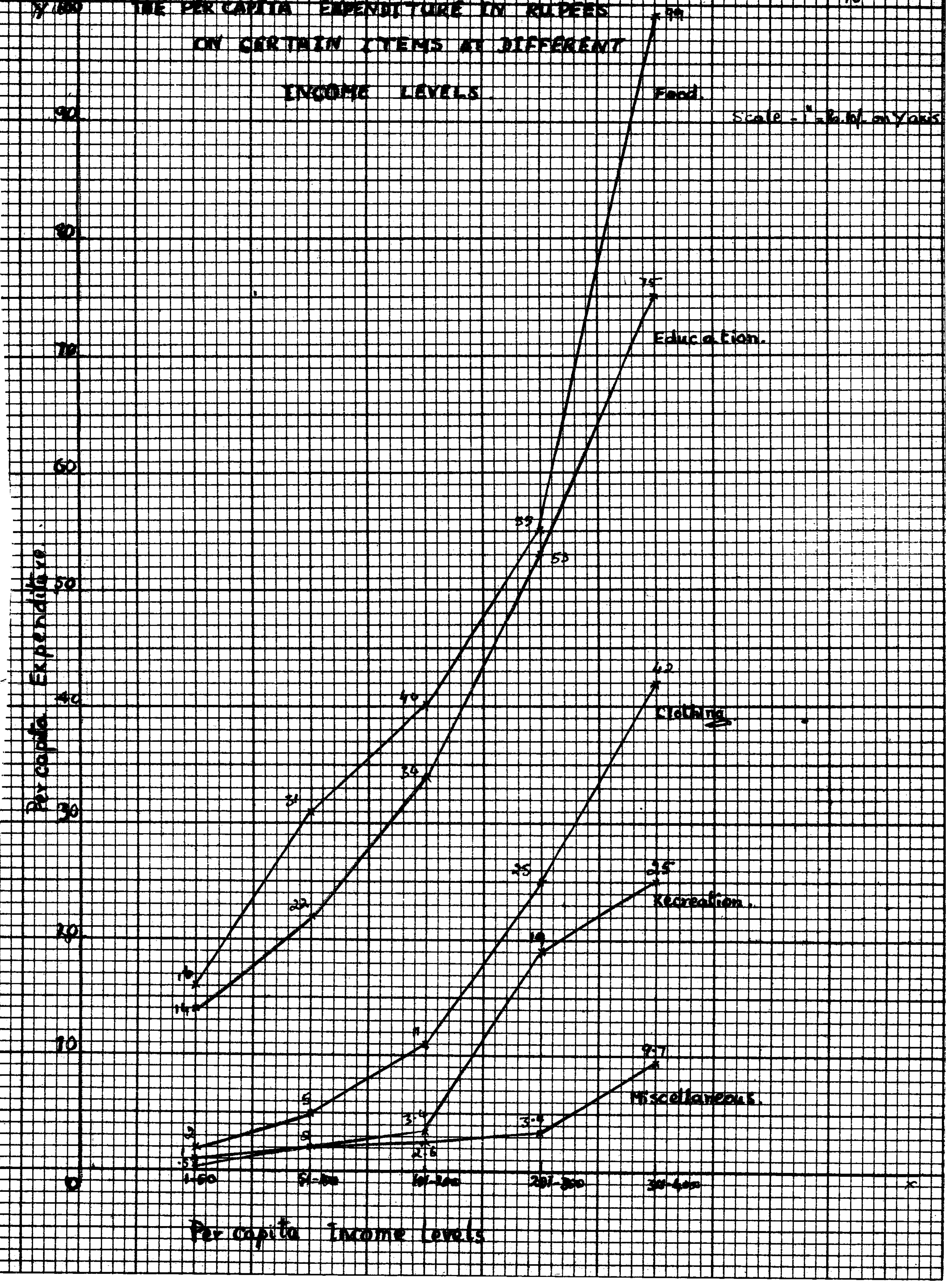
PERCENTAGE DISTRIBUTION OF INCOME ON DIFFERENT ITEMS OF EXPENDITURE AT VARIOUS INCOME LEVELS

Items of expenditure	Percentage of income in Rupees spent by the families in the income ranges						
	1 to 200	201 to 400	401 to 600	601 to 800	801 to 1000	1001to 1500	1501to 2000
1. Food	60.3	44.64	37.36	31.13	23.65	21.10	15.63
2. Clothing.	5.23	5.9	6.1	6.1	9.82	10.04	10.10
3. Housing.	15.5	14.0	13.0	12.7	11.3	11.0	10.3
4. Education.	31.6	17.5	15.0	11.5	10.0	9.75	7.75
5. Social and religious	0.8	1.2	1.5	1.7	2.1	2.6	2.9
6. Conventional necessities.	2.24	2.73	3.15	3.4	4.58	4.6	4.87
7. Fuel & lighting.	7.6	6.33	5.91	5.63	5.37	4.25	4.05
8. Recreation.	0.93	1.6	2.2	2.2	2.71	2.82	3.74
9. Services.	1.06	3.1	5.05	7.42	10.03	11.14	11.37
10. Medical	0.37	1.4	2.25	3.44	3.74	4.27	5.24
11. Miscellaneous	2.52	2.42	2.26	2.00	2.00	1.5	1.2
12. Others.	1.3	2.0	4.3	5.0	5.6	6.1	9.1
13. Savings	1y2	3.5	5.84	8.84	10.61	16.00	23.3

An analysis of individual expenditure patterns of the families indicates that as the incomes increase the quantum of money spent on individual items increases.

FIGURE 1

THE PER CAPITA EXPENDITURE IN RUPEES ON CERTAIN ITEMS AT DIFFERENT INCOME LEVELS



This is illustrated in figure 1 where it is naturally reflected in the per capita expenditure on five commodities. This is true in all cases.

The proportion of income spent on individual items increases or decreases with the increase in income. On the basis of the increase or decrease of the proportion of income spent, the items of expenditure can be classified as (1) those items of expenditure the proportion of which decreases as income increases, such as, food, house rent, education, fuel and lighting and miscellaneous, as shown in figure 2. (2) Those items the proportion of which increases as income increases such as clothing, social and religious, conventional necessities, recreation, services, medical, other expenses and savings as shown in figure 3.

Table VII shows the percentage of families spending on various items at different income levels.

FIGURE 2.

THE DECREASE IN THE PERCENTAGE OF INCOME SPENT ON a) FOOD, b) HOUSING c) EDUCATION d) FUEL AND LIGHTING AND e) MISCELLANEOUS AS INCOME INCREASES.

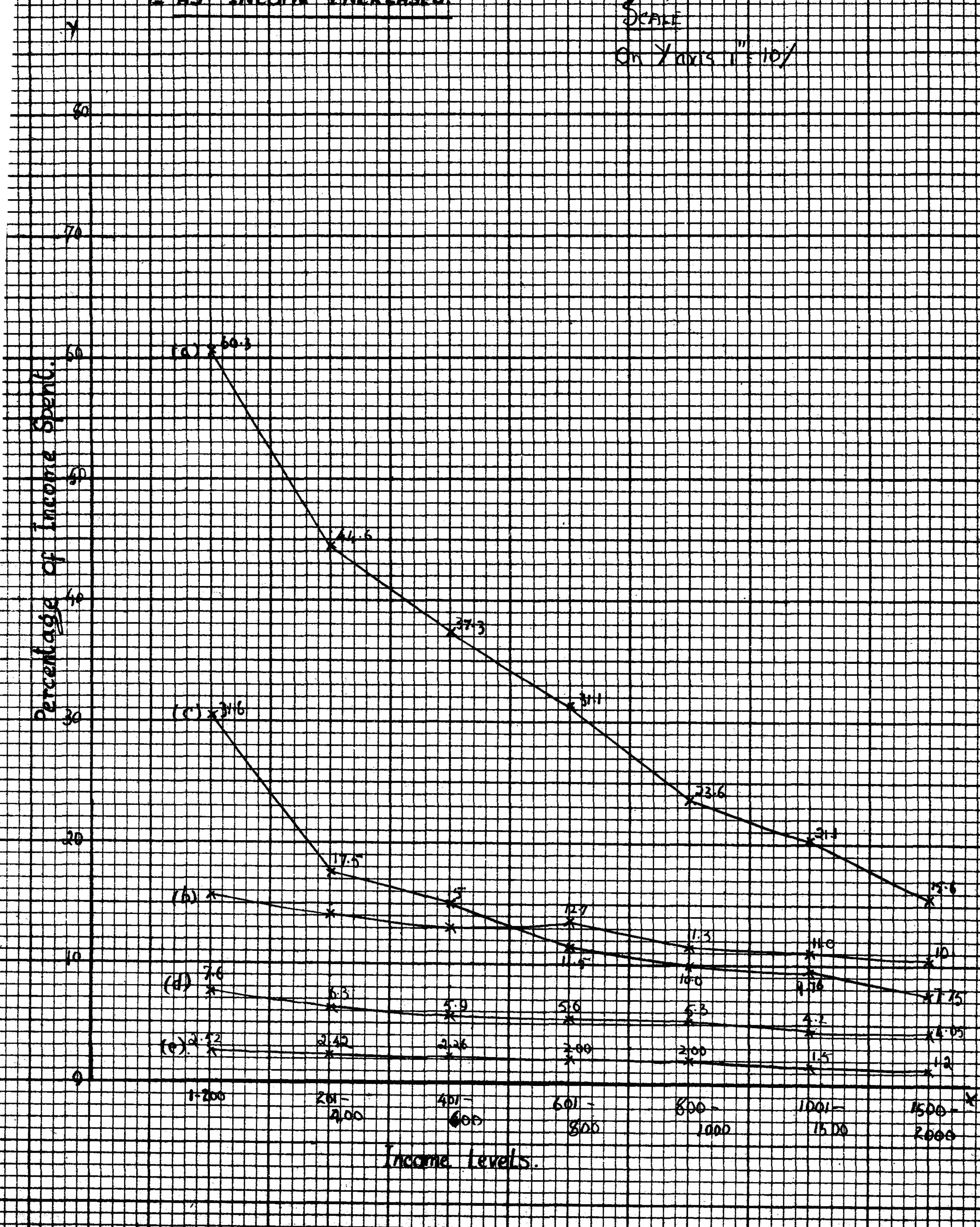


FIGURE 3.
THE INCREASE IN THE PERCENTAGE OF INCOME SPENT ON CONVENTIONAL NECESSITIES (a), CLOTHING (b), SOCIAL AND RELIGIOUS (c), RECREATION (d), SERVICE (e), MEDICAL (f), AS INCOME INCREASES.

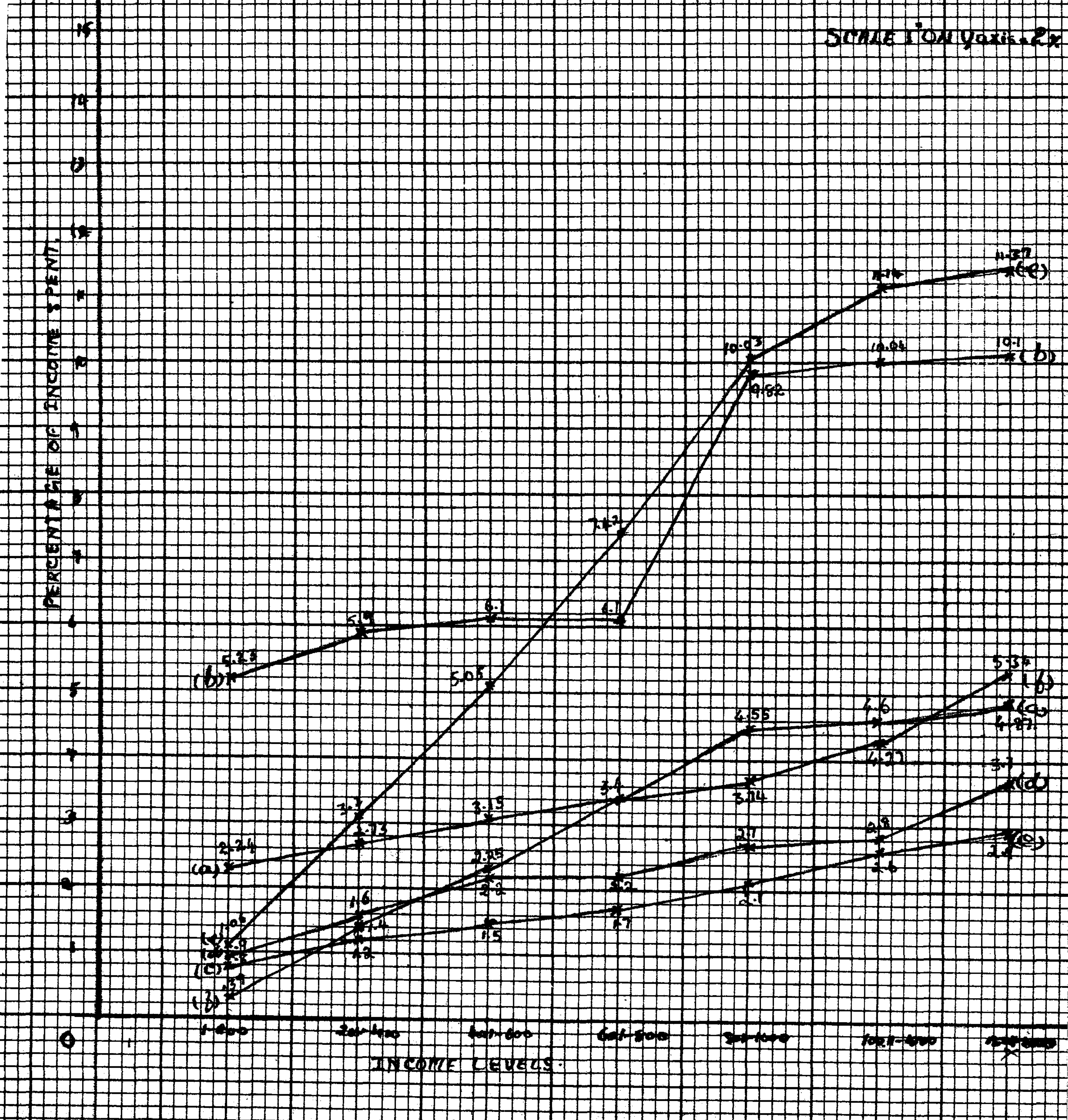


TABLE VII

PERCENTAGE OF FAMILIES SPENDING ON VARIOUS ITEMS AT DIFFERENT INCOME LEVELS

Items* of Expenditure.	Percentage of families incurring expenses in the income groups						
	Rs.1 to 200	Rs.201 to 400	Rs.401 to 600	Rs.601 to 800	Rs.801 to 1000	Rs.1001 to 1501	Rs.1501 to 2000
Food	100	100	100	100	100	100	100
Clothing	100	100	100	100	100	100	100
House	76.2	84	74.7	70	66.7	57	22
Education	100	100	100	100	100	100	100
Social and religious	91	100	100	100	100	100	100
Conventional necessities	100	100	100	100	100	100	100
Fuels and lighting	100	100	100	100	100	100	100
Recreation	23	75	97	100	100	100	100
Services	54	94	100	100	100	100	100
Medical	8.7	48	70.3	100	100	100	100
Miscellaneous	100	100	100	100	100	100	100
Others	25	65	100	100	100	100	100
Savings	15.3	75	97	100	100	100	100

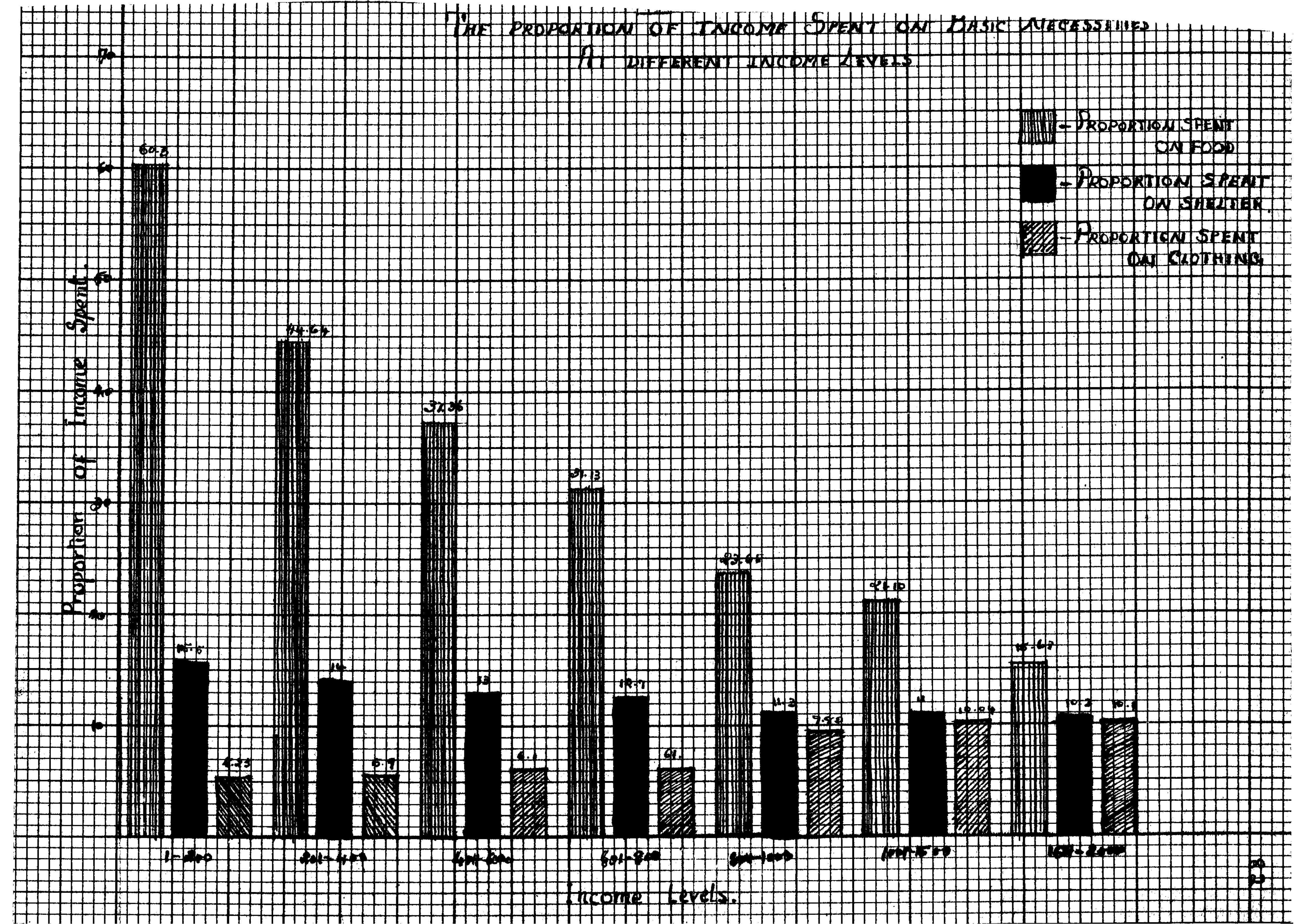
The data in Table VII reveals that not all the families in income ranges below Rs.601 to 800, spent on all the items mentioned. Particularly at the income level below Rs.200/- very few families incurred expenditure on recreation, medical, others and savings.

*For details of the expenditure items included under each category refer to the interview schedule at Appendix II.

The expenditure on housing is not incurred in all the income levels by all the families because of ownership; the number of owners incrwasing according to the increase of income. The expenditure incurred are discussed under the following heads - (1)food (2) clothing (3) shelter (4) conventional necessities (5) fuel and lighting (6)miscellaneous (7) education (8) medical (9) hired services (10) social and religious (11) recreation (12) other expenses (13) savings and deficits.

Food: In the case of food, as already stated, although the total quantum of money spent increased according to increase in income the proportion of money spent however decreased with the increase in income. The rate of this decrease was not constant as can be seen from figures 2 and 4 at pages 78 and 82. As the income increases, the rate of fall in the percentage spent on food is slower; for example, the decrease in the percentage of income spent on food in the income groups between Rs.1-200 to Rs.201-400 is 15.66 while that between the income groups Rs.1000-1500 to Rs.1501-2000 is only 5.47. This can be seen from the steep sloping of the line in the graph from the first to the second point and its gradual smooth curve thereafter.

(2) Clothing: In contrast with the percentage of income spent on food, the percentage spent on clothing increased as income increased. In this case also, the rate of increase is not even or proportional to the increase in income. In



THE PROPORTION OF INCOME SPENT ON BASIC NECESSITIES
AT DIFFERENT INCOME LEVELS
- PROPORTION SPENT ON FOOD
- PROPORTION SPENT ON SHELTER
- PROPORTION SPENT ON CLOTHING
Proportion of Income Spent.
Income Levels.
44.64
37.36
31.13
1-200
601-800

figures 3 and 4 at pages 79 and 82, the percentage spent on clothing is indicated, showing an increase of 0.67 between the first two income levels, 0.2 between the second and third income levels and going down to 0.04 between the last two income levels. In the income level Rs.801-1000, the clothing expenses increase enormously and there is a steep fall in the rate of increase thereafter. This may be attributed to the fact that the number of members in this income group is seven, with three adults and four children whereas in the Rs.1001-1500 group, it is six, with three adults and three children.

(3) Expenditure on Shelter: The percentage of income expended on shelter decreased slightly as the income increased. In the families with income Rs.1-200, 15.5 percent of the income was spent on shelter, at Rs.201-400, Rs.401-600 and Rs.601-800, 14 percent, 13 percent and 12.7 percent respectively were spent. This shows that a greater portion of the income is spent on housing by the low income groups, which means greater sacrifice.

More families (67%) in the upper income brackets own houses. This may be the reason for lesser amounts being spent by them on housing.

The rental value of houses owned by the low income families are necessarily much lower than that of those owned by the higher income groups. This is due to the impact of the standard of living on the spending pattern.

TABLE VIII

AVERAGE RENTAL VALUE OF HOUSES OWNED BY THIRTY FIVE FAMILIES

Income Range in Rupees.	1 to 200	201to 400	401to 600	601to 800	801to 1000	1001to 1500	1501to 2000
Rental value	27	66	77	117	122	225	275

From the data available, it is evident that the housing costs are very high in the city and the families have to spend at least a sizeable amount of their income if they want to get the bare minimum facilities. This data throws light on the condition of housing of the people in the low and middle income groups and points out to the need for more housing schemes, sponsored by the Government to help such families.

(4) Conventional Necessities: The expenses on conventional necessities show a steady increase as income increases, from an average of Rs.2.6 to Rs.3.6 per family at Rs.1-200 income level to an average of 80-90 rupees per family at Rs.1501-2000 income level. The proportion of income spent on this item, ranges from 2.24 to 4.87. At the low income levels this expenditure is on such items as coffee or tea only. At the higher income levels, the expenditure is on items like cigarettes, coffee and other items of habitual consumption. In all the income levels, habit plays a vital role in shaping the expenditure pattern on conventional necessities.

(5) Fuel and Lighting: The expenditure on fuel and lighting also increases as income increases but the percentage spent decreases gradually as shown in Table VI and Figure 2, at pages 75 and 78, since whatever the income level, the expenditure on this item cannot exceed a limit. The amount spent on fuel and lighting cannot be reduced below a minimum level either.

(6) Miscellaneous: In this case also, the absolute amount spent increases with increase in income. The percentage of miscellaneous expenditure decreases as the income increases.

(7) Education: Expenses on education were incurred by all the families, since all of them had college going children. However the proportion spent on education decreased with the increase in income. Since there were differences between families in the number of children to be educated and the standard of education to be attained, the amounts spent on education varied even within the same income level. In the low income groups, the correlation between the number of children and the expenditure on education was statistically negative, as seen in Appendix III, due to their receiving certain educational concessions, fee remissions, scholarships, stipends and book allowances.

(8) Medical: Medical expenses were not incurred by all the families. For example, in the income group Rs.1-200, only 8.7 percent incurred expenditure to the tune of 0.87 percent of their income. Forty eight percent and 70.3

percent of the families in the income groups Rs.201-400 and Rs.401-600 respectively, incurred expenditure to the extent of 1.4 and 2.25 percent of their incomes on medical facilities. In the income groups above this level, all the families had incurred expenditure on this item. At the low income levels, the families went in for free medical aid provided by the Government. All the families in the higher income group had family doctors and spent more for medical facilities which were costly. The high income families considered expenditure on this item as having 'prestige value'.

(9) Hired Services: Among the families interviewed, 85 percent incurred expenditure on hired services. The expense on hired services increased as the income increased. At the income levels Rs.1-200 and Rs.201-400, 54 percent and 96 percent of the families incurred expenditure on hired services. At incomes above Rs.401/-, all families incurred expenditure on hired services. They type of services secured by the low income groups were on necessary items such as barber charges and transportation. At the higher income levels, the service charges included automobile, transportation, watchman, servant-maid and dhobi.

(10) Social and Religious: Almost all the families had some expense on social and religious items. Only in the low income group, with income Rs.1-200 per month, 9 percent of the families did not have any social and religious

expenditure. All the other families incurred expenses on social and religious items, irrespective of their income. There is steady increase in the proportion spent on this item of expenditure, along with increase in income.

(11) Recreation: Expenditure on recreation was also a varying factor according to increase in income. As seen in Table VI, the proportion of income spent for recreation in the income levels Rs.1-200 and Rs.1801-2000 was 0.93 percent and 3.74 percent respectively. The public facilities such as parks, radio and reading rooms were used for recreation by the low income families.

(12) Other expenses: In the higher income levels, taxes formed a major part of the expenditure under this head. In the lower income levels, repayment of the principal of debt or interest thereon, constitute the other expenses.

(13) Saving and deficit of the families: Savings were the most variable among the items of expenditure in the sample studied. Table IX shows the amount and extent of savings and deficit of families at different income levels, in the sample.

TABLE IX

THE SAVINGS AND DEFICIT POSITION OF FAMILIES AT DIFFERENT INCOME LEVELS

Items	Incomelevels in Rupees						
	1 to 200	201 to 400	401 to 600	601 to 800	801 to 1000	1001 to 1500	1501 to 2000
Families with savings.	13.3%	75%	97%	100%	100%	100%	100%
Proportion of income saved.	1.2%	2.5%	5.83%	8.88%	10.57%	16%	23.3%
Families with deficit	100%	36%	6%	-	-	-	-
Deficit (proportion of income)	23.6%	2.43%	0.61%	-	-	-	-

From Table IX, it can be observed that the difference in the proportion of income saved was as large as 22.1 percent between the income levels Rs.1-200 and Rs.1501-2000.

The proportion of income spent in excess of what is available creates a deficit. Deficits were greater at the lower income levels than in the higher income levels. At the Rs.1-200 income level, all the families incurred debts on an average of 23.6 per cent of the income. At the income level Rs.201-400, thirty six percent of families had deficits of 2.43 percent and at Rs.401-600 income level, only 6 percent of families had deficits of 0.61 percent. Above the level of Rs.600/- per month there was no deficit. The relation between the volume of income and the amount saved by the families, and the influence of the amount of income on the amount of deficit incurred by the famiâies is effectively shown in figure 5 on page 90.

From an appraisal of the proportion of income allotted to the different items of expenditure at the different income levels, as seen in Table VI and the savings and deficit pee positions, as seen in Table IX, it can be clearly seen that the families having an income of Rs.600/- and above per month, can be considered to be well to do because (1) there is savings; (2) there is no deficit; (3) expenditure is incurred on all the items; and (4) the homemakers did not mention insufficiency of income as a problem in budgeting or accounting.

D. Methods of Savings:

The families interviewed were asked about the saving method adopted by them. Table X gives the different methods of savings used by the families, the number of families using each method and the number of families without savings.

FIGURE 5.

THE SAVINGS AND DEFICIT POSITIONS OF FAMILIES AT DIFFERENT INCOME LEVELS.

SCALE

On Y axis 1": 5%

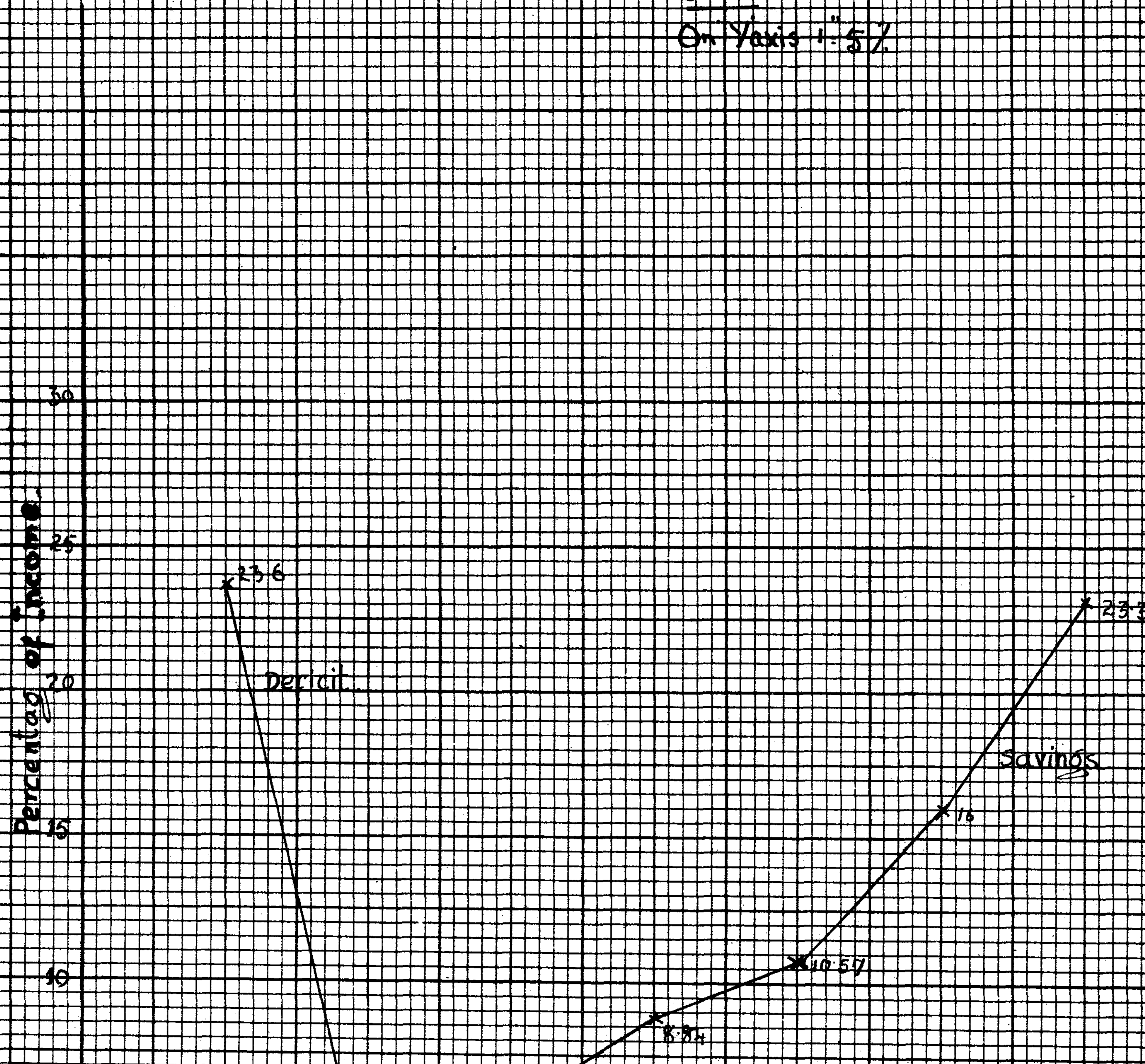


TABLE X

THE METHODS OF SAVINGS USED BY THE FAMILIES

No.	Methods		Number of families using the method
1.	Bank	....	65
2.	Insurance	....	58
3.	Post Office Savings		30
4.	Provident Fund	....	15
5.	Chits	....	8
6.	Investments	....	7
7.	Prize Bonds	....	4
8.	Savings Certificates		1
9.	No savings	....	36

Out of the 150 families interviewed, 36 did not have any type of saving. Out of the 114 families who saved, 65 chose bank accounts for laying aside their savings. Life insurance policies were taken by as many as 58 families, 28 families out of these had insured for minimum amounts because it was compulsory. Twenty two families in this group from the higher income levels, had insurance for higher sums. Provident fund formed a part of the compulsory savings in the low income groups. Out of the families having savings in banks, only 15 were from the lower income levels, the others being from the higher income groups. Investments, Chits, Prize Bonds and National Savings Certificates were bought only by five families in the income groups above Rs.600/-

The savings pattern adopted did not appear very effective in the case of the 15 families in the low income group who said that, though they had bank account, it was not sufficient in case of emergencies. The reason, for this may be, because the income itself is inadequate to meet all the expenses and yet the families make it a point to put by something as savings. As income increased the families had more scope to save and actually saved more.

The families were asked how they would meet deficits when they arose. Their answers are given in Table XI.

TABLE XI

METHODS USED OR SUGGESTED BY THE FAMILIES TO MEET DEFICITS

No.	Methods that would be used.	Number of families.
1.	Raising loans	87
2.	Drawing from savings in bank	50
3.	Mortgage jewels	15
4.	Selling property	2

It was seen that out of the 65 families who had bank accounts only 50 were in a position to draw on those when deficits accurred. The other 15 said that their bank balances were negligible and not enough to meet deficits. Eighty seven out of the 150 families used loans to meet deficits. The families in the low income groups were worst hit, since they did not have any alternative other than going in for loans because mortgaging of land or property was not possible as they did not have any, worth the name. Mortgaging of jewels and property, and selling property, although resorted to by very few families, was done only in the upper income brackets.

E. <u>The Method Of Spending</u>:

The method of spending used by the sample are categorised under three heads - (1) doling out (2) apportionment (3) both spend from the same purse.

(1) <u>Doling out</u>:- Ninety six of the families interviewed followed this system. Here the husband gave the money to the homemaker in small amounts as and when the need arose. The homemaker did not have a decisive role to play here though she was responsible for purchases.

(2) <u>Apportionment</u>:- Thirty six families followed this method. Here both the homemaker and the husband planned and spent the money. Both had an equal share in the financial decisions and responsibilities.

(3) <u>Both spend from the same purse</u>:- Eighteen families followed this pattern. The husband and wife had no proper plan but had free access to the family finances. The difficulties faced here were that neither was able to control the expenses.

A reasonable method of spending would be the apportionment method. However this procedure is not followed in most families.

F. Budgetary Practices:

Budgetary practices include (1) financial planning, (2) executing the plan, and (3) evaluating the plan.

Table XII shows the statistical analysis of the planning of expenditure at various income levels.

TABLE XII

INFLUENCE OF INCOME LEVEL ON PLANNING EXPENDITURE

Income	Yes	No	Nr.
1-350	22 (28.52) 1.49	47 (40.48) 1.05	69
351-750	30 (24.8) 1.09	30 (35.2) 0.77	60
751-2000	10 (8.7) 0.20	11 (12.3) 0.14	21
nc.	62	88	150 n

fo- given outside brackets.

fe -given within brackets.

$fe = \frac{nr \times nc}{n}$

nr - Row total.

nc - Column total.

$\frac{(fo - fe)^2}{fe}$ - given underlined.

$\chi^2 = \sum \frac{(fo - fe)^2}{fe} = 4.74$

for Df.2 - $\chi^2 = 5.991$ at 5% level

Table XII shows that the influence of income level on planning expenditure is not significant at 5 percent level. Income planning by the families is not decided solely by the size of the income but is influenced by other factors also, such as the attitude of the members of the family, their education and the outside economy. The study shows that the families have not realised the importance of financial planning. This had led to deficit financing in some families which could have been avoided. That the homemakers attitude towards budgeting, insufficiency of income and non-availability of time, affect her budgetary practices is borne out by the reasons given by them, indicated in Table XIII.

TABLE XIII

REASONS GIVEN BY THE HOMEMAKERS FOR NOT PLANNING THEIR EXPENDITURE

No.	Reasons given	Number of families giving the reason.
1.	Lack of interest	41
2.	Too little income	25
3.	No time	5
4.	Surplus income	5
5.	Just enough income	4
6.	Rigid plan of expenditure not liked	5
7.	Did not know the technique ...	1

Table XIII shows that the main reasons for not planning expenditure were lack of interest and the deficiency of income.

Efforts to make the homemakers realise the importance and uses of budgeting and the scope of raising their income will help to make them have better planning practices. This type of education needs to be undertaken under the initiative of the ladies clubs, University Women's Associations and Home Science Institutions. The methods of earning subsidiary income without requiring the homemakers becoming full time workers outside the home would hełp in adding to the family income.

2. <u>Executing the Plan</u>: The carrying out of the expenditure, by those who plan, is affected by their income level. Even the most perfect of plans, if not used effectively becomes useless. The executing of the plan is the most crucial stage. Out of the 150 families, 62 tried to plan and execute their plans. Of these 42 families were able to execute their plans and the other twenty families were not successful. Table XIV gives the statistical analysis to find the influence of the size of income on the execution of the plan.

TABLE XIV

INFLUENCE OF INCOME LEVEL ON CARRYING OUT EXPENDITURE PLANS

Income	Yes	No	nr
1-350	7 (15) <u>4.27</u>	15 (7.1) <u>8.8</u>	22
351-750	26 (20.00) <u>1.8</u>	4 (9.7) <u>3.4</u>	30
751-2000	9 (7.00) <u>0.6</u>	1 (3.2) <u>1.5</u>	10
nc	42	20	62_n

nr - Row total

nc - Column total

n - grand total

fo - given outside brackets

fe - $\frac{nr \times nc}{n}$

fe - given within brackets.

$\frac{(fo - fe)^2}{fe}$ - given underlined

$$\chi^2 = \Sigma \frac{(fo - fe)^2}{fe} = 20.37$$

for Df.2 - χ^2 = 9.210 at 1% level

$$c = \sqrt{\frac{\chi^2}{n + \chi^2}}$$

= <u>0.4972</u> (High Correlation)

There is significant influence of income level on carrying out the expenditure as planned.

As can be seen from Table XIV, the higher the family income the more effective was the executing of plans. Financial planning and executing the plan are possible only when there is a basic minimum income level. Below this level it is not possible to budget wisely and spend well. In the sample studied the middle class family appears to be, that having an income of Rs.600 to Rs.800 per month with 6 members, since in this group the income balances the expenditure and leaves a margin for savings.

3. Evaluating the Plan:

When asked why they could not carry out their expenditure as planned, the homemakers gave the reasons listed in Table XV.

TABLE XV

THE REASONS GIVEN BY THE HOMEMAKERS FOR NOT BEING ABLE TO CARRYOUT THE PLANS

No.	Reasons given	Number of families giving those reasons
1.	Emergencies	6
2.	Unexpected circumstances entailing unforeseen expenditure ...	6
3.	External influence on spending...	4
4.	No experience	4

Table XV shows the reasons for not being able to carry out expenditure as planned.

It is true that emergencies upsetting the plan do occur, but they are not permanent or recurring features. If they recur they are neither emergencies nor unforeseen. However if they do become recurring then the necessary provisions must be made in the next month's budget.

Out of the 62 families who budget their incomes, 32 evaluated their expenditure patterns. The investigator wanted to find how far the evaluation of the financial planning helped the children in becoming aware of the family's financial status. The discussing of the budget in the family each month had an effect on the awareness of the children in those families about their income and expenditure plans. The data analysed statistically and presented in Table XVI shows significant relationship between the evaluation of the budget by the families and the children's awareness of the family's financial position.

TABLE XVI

EVALUATING THE BUDGET AND ITS INFLUENCE ON THE CHILDREN'S AWARENESS OF THE BUDGET

Item	Not aware	Aware	Total
Discussing the budget	5 (B)	27 (A)	32
Not discussing the budget	56 (D)	62 (C)	118
Total	61	89	150

$$\phi = \frac{AD - BC}{\sqrt{(A+B)\ (C+D)\ (B+D)\ (A+C)}}$$

$$\phi = \frac{1512 - 310}{\sqrt{32 \times 118 \times 61 \times 89}} = 0.2656$$

$$\chi^2 = n\phi^2 = \underline{10.58}$$

For Df.1 χ^2 = 6.635 at 1% level

Evaluating the budget has significant effect on children's awareness of the family budget.

The families where the children were helped to realise the implications of wise planning, the reaction and adjustment of the children was much better than in other families where the children were not so aware.

G. Accounting Practices:

Table XVII shows the maintenance of accounts in the families studied and the part played by each member of the family in the maintenance of accounts.

TABLE XVII

MAINTENANCE OF ACCOUNTS BY THE FAMILY MEMBERS

Family member keeping accounts.	Number of families.	Percentage of the total number who keep accounts.
Homemaker	37	64
Head of the family	11	19
Both	6	10
Children	2	3.5
Others	2	3.5

Table XVII shows that the homemaker was the one who kept accounts in most families. Out of the 58 families who maintained accounts, it was seen that the homemaker was responsbile for its maintenance, in 37 families (64% of the families who maintained accounts).

Since the homemaker kept accounts in most of the families it raises the questions whether the education of the homemaker has any influence on her efficiency in keeping accounts.

Table XVIII shows the calculation of correlation between the literacy of the homemaker and her account keeping practices.

TABLE XVIII

LITERACY OF THE HOMEMAKER AND KEEPING ACCOUNTS

Education	No	Yes	nr
Illiterate	3 (1.84) 0.72	0 (1.16) 1.16	3
Elementary	27 (22.7) 0.8	10 (14.31) 1.29	37
Middle School	11 (12.9) 0.27	10 (8.17) 0.44	21
High School	39 (39.87) 0.02	26 (25.13) 0.03	65
College	12 (1.412) 0.50	12 (9.38) 0.05	24
nc	92	58	150_n

nr - Row total.

nc - Column total.

n - Grand total.

fo - given without brackets.

$fe = \frac{nr \times nc}{n}$

fe - given within brackets.

$\frac{(fo - fe)^2}{fe}$ - given underlined.

$\chi^2 = \sum \frac{(fo - fe)^2}{fe}$

$= 5.2$

for Df.4 - $\chi^2 = 13.277$ at 1% level.

The education of the homemakers did not have significant influence on their account keeping practices. Literacy was not the sole criterion for the homemakers' keeping of accounts. There were other factors such as her attitude towards accounting and planning, the time available for her to plan the family expenditure and keep accounts, which influence the account keeping practices. Table XVIII shows also that the education given to the homemaker was not directed towards the essential field of home-making and financial management. The education imparted to future homemakers in the educational institutions should have a bias towards practical financial management. This type of education should be imparted even at the high school level when most of the students stop their educational careers.

H. Attitude of the Home-makers Towards Budgeting and Accounting.

Table XIX points out the attitude of the homemakers interviewed towards budgeting their income and keeping accounts for their expenditure.

TABLE XIX

ATTITUDE OF HOMEMAKERS TOWARDS BUDGETING AND ACCOUNT KEEPING.

No.	Attitude	Number of families.
1.	Indifferent	45
2.	Liked and considered it important..	40
3.	Did not like	28
4.	Considered it as a routine ...	16
5.	Not interested	12
6.	Not aware	9

From Table XIX, it is seen that only 28 homemakers positively disliked account keeping and 45 were indifferent. The field is open for any Home Economist who is interested to enter this challenging area and convince the homemakers of the importance of financial planning to the home.

I. Problems faced by the Homemakers while Budgeting and Accounting:

The homemakers were asked about their problems in budgeting and accounting. The answers given are listed in Table XX.

TABLE XX

PROBLEMS ENCOUNTERED BY THE FAMILIES IN KEEPING ACCOUNTS

No.	Problems.		Number of families having those problems
1.	It takes time	...	32
2.	Minor expenses cannot be noted	...	15
3.	Forgetfulness	...	15
4.	Expenditure figures do not tally with actual expenditure	...	9
5.	Do not want to note minor expenses		4
6.	Illiteracy of the homemaker	...	3
7.	No problem.	...	2

It is seen from Table XX that the problem most acutely felt was that accounting was time consuming. Forgetfulness and minor expenses not being noted were other reasons mentioned. These reasons appear on the face of it both trivial and negative. The need for educating the homemakers to understand and be alive to their problems is clear from their answers. Easy methods of planning and accounting have to be thought of which should be explained to the homemakers convincingly. This is a new and enterprising field in India for research by enthusiastic Home-Economists.

V. SUMMARY AND CONCLUSIONS

This study on income and expenditure patters of 150 selected families in Coimbatore City showed:

1. In all cases as the income increased the quantum of money spent and therefore the per capita expenditure on individual items increased with increase in income, but the proportion of income spent on individual items did not always show the same trend.

2. Food, fuel and lighting, house rent, miscellaneous, and education were the items of expenditure, the proportion of income spent on which decreased as income increased.

3. Conventional necessities, clothing, medical expense, social and religious, recreational expenses, services, and savings were the items of expenditure the proportion of income spent on which increased as income increased.

4. In the case of food, fuel and lighting, house rent, miscellaneous items, and education, a certain basic or minimum expenditure is absolutely essential, irrespective of the income level.

5. There was a decided increase in the percentage of income spent on education with the increase in income. The amount spent on education did not show a positive correlation to the number of children being educated, due to the fact that families having a large number of children or low incomes, educational concessions are available.

6. The savings pattern of families in the higher income brackets was balanced. In the lower income groups there was not much saving and even the small savings were invested mostly in compulsory insurance, provident fund, and post office savings.

7. Deficits were found mainly in the lower income groups and the mode of meeting such deficits was by way of loans, since the families which incurred deficits did not have any other source of income or accumulated savings.

8. Most of the families (96 families) followed the doling out system of spending, where the homemaker did not have the money in her hand, but had to get it from the husband, in which case the balancing and co-ordination of purchasing and spending was a problem.

9. In planning the income and expenditure, the families were influenced not only by the size of income but by the attitude and education of the family members and the outside economy.

10. The lower income groups had deficits which could have been avoided if they had practised financial planning.

11. The reasons for the homemakers not being able to budget their income properly were insufficient income and non-availability of time to maintain proper accounts.

12. The size of income had a definite bearing on the execution of the plan. When the incomes are low, there is not much scope for planning the expenditure and executing the plan.

13. Evaluating the budget was done by about half the number of families which maintained budgets.

14. In those families where children were permitted to participate in planning, they adjusted themselves in their spending habits in a much better fashion than in the case of families where the children were not taken into confidence.

15. In most of the families which maintained accounts, it was the homemaker who was responsible for the accounting of expenditures. The education of the homemaker did not have significant effect on her accounting practices. The education of the homemaker therefore needs to be oriented towards better financial management.

16. The attitude of the homemakers towards budgeting and accounting needs to be more active.

17. In this sample, the families belonging to the group Rs.601-800 could be considered to be of middle class level, since they are able to satisfy all their needs, enjoy a few comforts and also save considerably.

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APPENDIX

APPENDIX I

THE CALCULATION OF THE MEDIAN INCOME OF THE FAMILIES STUDIED.

Income Range	Number of families	
1 - 99	2	
100 - 199	18	
200 - 299	25	
300 - 399	30	Median 399
400 - 499	22	
500 - 599	15	
600 - 699	12	
700 - 799	6	
800 - 899	2	
900 - 999	2	
1000 - 1099	6	
1100 - 1199	1	
1200 - 1299	3	
1300 - 1399	..	
1400 - 1499	..	
1500 - 1599	2	
1599 - 1600	..	
1600 - 1699	..	
1700 - 1799	1	
1799 - 2199	3	

APPENDIX II

SRI AVINASHILINGAM HOMESCIENCE COLLEGE
COIMBATORE.11

INTERVIEW SCHEDULE ON FAMILY INCOME AND EXPENDITURE PATTERN.

I. 1. Place of inquiry.

Locality.
Street.
House No.

2. Name of the head of the family:

3. Community:

4. Particulars of the family:

No.	PARTICULARS Name	Age	Sex	Education	Relation to head of the family	REMARKS
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						

No.of adults: Children:

II. Family's Income:

1. Land and livestock.

a) Area owned. Wet Dry Garden

Net Income from land per year

b) Livestock Owned. Bullocks. Cows

Milk got.

Net Income from Livestock per year.

2. From Services:

No.	Name.	Nature of employment.	Place of work.	Salary

No.	Income by bonus per year	Total	Insurance	SAVINGS P.F.	SAVINGS Others.	Total

Net Income:

3. From Other Sources:

No.	Sources.	Income/yr.	REMARKS.
1.	House Rent.		
2.	Interest on - a) Lendings. b) Shares. c) Others.		
3.	Other Sources.		

4. Abstract of Income of the Family:

No.	Particulars	Net Income/yr.	REMARKS.
1.	Land.		
2.	Livestock.		
3.	Services.		
4.	Other Sources.		

III. FAMILY EXPENDITURE

No.	Items of expenditure	Frequency	Quantity	Net value	Amount/m.
i.	Food.				
a.	Cereals.				
1.	Raw rice.				
2.	Boiled rice.				
3.	Cholam.				
4.	Ragi.				
5.	Wheat.				
6-	Other millets.				
b.	Pulses.				
1.	Redgram dhal.				
2.	Greengram dhal.				
3.	Blackgram dhal.				
4.	Horsegram dhal.				
5.	Bengalgram dhal.				
6.	Others.				
c.	Oils.				
1.	Groundnut oil.				
2.	Gingelly oil.				
3.	Cocanut oil.				
4.	Castor oil.				
5.	Any other-Vanaspathy				
d.	Spices and condiments.				
1.	Tamarind.				
2.	Chillies.				

III. **FAMILY EXPENDITURE.**

No.	Items of expenditure	Frequency	Quantity	Net value	Amount/m.
d.3.	Coriander.				
4.	Pepper.				
5.	Cumin.				
6.	Fenugreek.				
7.	Mustard.				
8.	Asafoetida.				
9.	Garlic.				
10.	Salt.				
e.	Sugar of Jaggery				
f.	Milk and Milk PRoducts:				
1.	Milk.				
2.	Buttermilk.				
3.	Butter.				
4.	Ghee.				
g.5.	Meat				
1.	Eggs.				
2.	Fish.				
h.	Vegetables.				
i.	Any other item.				
	TOTAL.....				
ii.	Conventional Necessities:				
a.	Beverages.				
1.	Coffee.				
2.	Tea.				

III. FAMILY EXPENDITURE.

No.	Items of expenditure	Frequency	Quantity	Net value	Amount/m.
a.3.	Any other.				
b.	Narcotics.				
1.	Betal leaves.				
2.	Arecanut.				
3.	Tobacco.				
4.	Cigarettes.				
5.	Beedis.				
6.	Cheroots.				
7.	Snuff.				
	TOTAL FOR CONVENTIONAL NECESSITIES.				
iii.	Clothing.				
1.	Head of the family.				
2.	Wife.				
3.	Boy.				
4.	Girl.				
	TOTAL FOR CLOTHING.				
iv.	Fuel & lighting.				
1.	Firewood.				
2.	Charcoal.				
3.	Kerosene.				
4.	Saw Dust.				
5.	Match boxes.				
6.	Electricity.				

III. FAMILY EXPENDITURE.

No.	Items of expenditure	Frequency	Quantity	Net value.	Amount/m
iv.7.	Spare-parts for equipment.				
8.	Any other.				
	TOTAL FOR FUEL AND LIGHTING.				
v.	House rent.				
vi.	Miscellaneous.				
1.	Washing soap.				
2.	Toilet soap.				
3.	Face powder.				
4.	Hair-oil.				
5.	Snow.				
6.	Other kinds of washing materials soap chips, flakes.				
7.	Soapnut powder.				
8.	Tooth Paste.				
9.	Any other.				
	TOTAL FOR MISCELLANEOUS.				
vii.	Education.				
1.	Books & other provisions.				
2.	Fees.				
3.	Transport.				
4.	Tuition.				
5.	If residing in hostel, expenditure per year or month				

III. FAMILY EXPENDITURE.

No.	Items of expenditure	Frequency	Quantity	Net value.	Amount/m.
vii 6.	Any other expenditure for education.				
	TOTAL FOR EDUCATION.				
viii.	Medical				
1.	Fees for the doctor.				
2.	Medicines.				
3.	Tonics.				
	TOTAL FOR MEDICAL.				
ix.	Services.				
1.	Washer women.				
2.	Barber.				
3.	Cook.				
4.	Driver.				
5.	Gardener.				
6.	Domestic servant.				
7.	Watchman.				
8.	Any other.				
	TOTAL FOR SERVICES.				
x.	Social & Religious.				
1.	Festivals.				
2.	Pilgrimage.				
3.	Ceremonies.				
4.	Temple.				
5.	Charity.				

III. FAMILY EXPENDITURE.

No.	Items of expenditure	Frequency	Quantity	Net value.	Amount/m.
x. 6.	Any other.				
	TOTAL.				
xi.	Recreation.				
1.	Cinema.				
2.	Concerts.				
3.	Club.				
4.	Picnics.				
5.	Parties.				
	TOTAL.				
xii.	Others.				
1.	Marriage.				
2.	Funerals.				
3.	House repair.				
4.	Purchase of utensil				
5.	Jewels.				
6.	Taxes:- a. Income tax. b. House tax. c. Other taxes.				
7.	Furniture.				
8.	Interest on loans.				
	TOTAL.				

ABSTRACT OF FAMILY EXPENDITURE.

No.	Item	Amount/month	Remarks.
i.	Food.		
ii.	Conventional necessities.		

No.	Item	Amount/month	Remarks.
iii.	Clothing.		
iv.	Fuel & lighting.		
v.	House rent.		
vi.	Miscellaneous		
vii.	Education.		
viii.	Medical.		
ix.	Services.		
x.	Social and Religious		
xi.	Recreation.		
xii.	Others.		
	TOTAL.		

IV. BALANCE SHEET.

No.	Income/month	Total expenditure per month.	Savings.	Deficit

V. 1. Form of Saving used.

2. If deficit Budget - How is it met?

3. The method of spending used--

Doling out--

Apportionment.-

Both spend from the same purse.--

4. Do you plan the expenditure before hand?
If so who plans?
If not why?

V. 5. Can you carry out the plan?
If not why?

6. Do the family members discuss the budget each month to make improvements?

7. Are the children aware of the family's income and expenditure Plan?

8. Do you maintain daily accounts?
Form of accounting used--

9. Who keeps the accounts?

10. Attitude of the homemakers towards keeping accounts.

11. Problems in keeping accounts - if any.