INCOME AND EXPENDITURE DIFFERENTIALS IN THE
AGRICULTURAL COMMUNITIES IN SELANGOR

BY:

TAN HUI LING
(EGE97011)

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ABSTRACT

Agriculture sector plays an important role in the economic and social development of Malaysia. The purpose of this study is to examine the income and expenditure differentials in the agricultural communities in Selangor. It is based on the data from the Socio-Economic Survey of Farm Households under Area Farmers’ Organization (AFO) in Peninsular Malaysia, conducted by the Farmers’ Organization Authority (FOA) in 1993.

This study shows that the mean income among heads of households in the agricultural communities is only about RM605 per month. Pronounced income differentials occur in terms of ethnicity, education level and occupation of heads of households. Monthly income tends to be higher among heads of households who are Chinese, who attained tertiary education and who engage in non-agriculture activities. Education level is found to be the most important variable in explaining the variations in the income of household heads.

Mean household expenditure is about RM433 per month. As expected, income of heads of households stands out as the most significant variable in explaining the variations in household expenditure. Food accounts for the largest portion of the consumption expenditure and is inversely related to income of household heads. Sharp ethnic differentials in household expenditure are found in spending for clothing, education, agricultural goods and services as well as other goods and services.
CONTENTS

ACKNOWLEDGEMENT  ii
ABSTRACT  iii
CONTENTS  iv
LIST OF TABLES  vii
LIST OF FIGURES  xii
ABBREVIATIONS  xiii

CHAPTER 1

INTRODUCTION  1

1.1 Background  1
1.2 The Agriculture Sector in Selangor  5
1.3 Objectives and Activities of Farmers’ Organization Authority  8
1.4 Objectives of the Study  11
1.5 Significance of the Study  11
1.6 Literature Review  12
1.7 Methodology  17

1.7.1 Definition  17
1.7.2 The Data  18
1.7.3 Framework of Analysis  20

CHAPTER 2

SOCIO-ECONOMIC CHARACTERISTICS OF AGRICULTURAL COMMUNITIES IN SELANGOR  24

2.1 Introduction  24
2.2 Demographic Characteristics  27

2.2.1 Gender and Age of Heads of Households  27
2.2.2 Ethnicity  28
2.2.3 Education Level of Heads of Households  29
2.2.4 Household Size  30

2.3 Economic Characteristics  32

2.3.1 Main Occupation of Heads of Households  32
2.3.2 Supplementary Occupation of Heads of Households  35
2.3.3 Investment in ‘Amanah Saham’  37
2.4 Other Indicators of Socio-Economic Conditions
   2.4.1 House Ownership
   2.4.2 Type of House

2.5 Summary

CHAPTER 3

INCOME DIFFERENTIALS IN THE AGRICULTURAL COMMUNITIES IN SELANGOR

3.1 Introduction
3.2 Income Level and Distribution in the Study Areas
3.3 Income Differentials by Gender of Heads of Households
3.4 Income Differentials by Age of Heads of Households
3.5 Ethnicity Differentials in Income
3.6 Income Differentials by Education Level of Heads of Households
3.7 Income Differentials by Occupation of Heads of Households
3.8 Income Differentials by District
3.9 Multivariate Analysis of Income
   3.9.1 Analysis of Variance (ANOVA) and Multiple Classification Analysis (MCA)
   3.9.2 Regression Analysis

3.10 Summary

CHAPTER 4

EXPENDITURE DIFFERENTIALS IN THE AGRICULTURAL COMMUNITIES IN SELANGOR

4.1 Introduction
4.2 Expenditure Patterns of Agricultural Households in Selangor
4.3 Composition of Monthly Household Expenditure
   4.3.1 Composition of Monthly Household Expenditure According to the Levels of Expenditure
   4.3.2 Composition of Monthly Household Expenditure by Household Size
   4.3.3 Composition of Monthly Household Expenditure by Income Group

4.4 Engel Curve Analysis
4.5 Differentials in Household Expenditure According to the Age of Heads of Households 87
4.6 Differentials in Household Expenditure According to the Gender of Heads of Households 89
4.7 Differentials in Household Expenditure According to Ethnicity of Heads of Households 92
4.8 Differentials in Household Expenditure According to the Education Level of Heads of Households 96
4.9 Differentials in Household Expenditure According to the Occupation of Heads of Households 100
4.10 Multivariate Analysis of Total Monthly Household Expenditure 104
4.11 Summary 109

CHAPTER 5

CONCLUSIONS AND POLICY IMPLICATIONS 110

APPENDICES 116

APPENDIX I 117
APPENDIX II 134
APPENDIX III 135
APPENDIX IV 136
APPENDIX V 137

BIBLIOGRAPHY 138
LIST OF TABLES

1.1 Incidence of Poverty, 1970, 1990 and 1997 4
1.2 Incidence of Poverty by State, 1997 4
1.3 Crop Hectareage by Category, Selangor 1997 7
1.4 Hectareage of Industrial Crop by District and Type of Crop, Selangor 1997 7
1.5 Development Programmes and Projects of FOA 10
1.6 Mean Monthly Earnings of Employees, Monthly Per Capita Income and Expenditure by Selected Industries, 1973 13
1.7 Incidence of Poverty among Five PES Subgroups in Selangor 15
1.8 Frequency and Percentage of Missing Values by Selected Variables 21
2.1 Rate of Urbanization by District, Selangor 1991 25
2.2 Percentage Distribution of Employed Persons by Sector and District, Selangor 1991 26
2.3 Distribution of Households and Farm Households in Selangor 26
2.4 Percentage of Farm Households Headed by Males According to Ethnicity 27
2.5 Percentage Distribution of Farm Household Heads by Age Group and District 28
2.6 Percentage Distribution of Farm Household Heads by Ethnicity and District 29
2.7 Percentage Distribution of Farm Household Heads by Education Level and District 30
2.8 Percentage Distribution of Farm Household Heads by Education Level and Age Group 30
2.9 Mean Household Size by District and Occupation 31
2.10 Percentage Distribution of Household Size by Age Group and Median Household Size for Each Age Group 32
2.11 Percentage Distribution of Farm Household Heads by Main Occupation and Selected Variables

2.12 Percentage Distribution of Heads of Households by Type of Supplementary Occupation

2.13 Distribution of Supplementary Occupation of Farm Household Heads by Selected Variables

2.14 Distribution of Farm Household Heads by Amount Invested in ‘Amanah Saham’

2.15 Percentage Distribution of Farm Household Heads by House Ownership According to Age Group and Ethnicity

2.16 Percentage Distribution of Type of House by Selected Variables

3.1 Mean Monthly Net Income (RM) of Selected Development Scheme Households, 1984-1990

3.2 Agricultural Productivity by Region, 1980-1990

3.3 Distribution of Monthly Income of Heads of Households

3.4 Percentage Distribution of Heads of Households by Income Category, According to Gender, With Mean Income, Median Income and Gini Coefficient for Each Gender

3.5 Percentage Distribution of Heads of Households by Income Category, According to Age Group, With Mean Income, Median Income and Gini Coefficient for Each Age Group

3.6 Percentage Distribution of Heads of Households by Income Category, According to Ethnicity, With Mean Income, Median Income and Gini Coefficient for Each Ethnic Group

3.7 Percentage Distribution of Heads of Households by Income Category, According to Their Education Level, With Mean Income, Median Income and Gini Coefficient for Each Educational Group

3.8 Percentage Distribution of Heads of Households by Income Category, According to Their Occupation, With Mean Income, Median Income and Gini Coefficient for Each Type of Occupation

3.9 Income Strata According to Broad Category of Occupation of Heads of Households

3.10 Composition of Heads of Households by District in the Bottom 20% and Top 20% Income Group
3.11 Percentage Distribution of Heads of Households by Income Category, According to District, With Mean Income, Median Income and Gini Coefficient for Each District

3.12 Analysis of Variance (ANOVA) on Total Monthly Income of Heads of Households by Selected Variables

3.13 Multiple Classification Analysis (MCA) of Total Monthly Income of Head of Households by Selected Variables

3.14 Mean Income (RM) by Age Group, Unadjusted and Adjusted by Selected Variables

3.15 Mean Income (RM) by Gender, Unadjusted and Adjusted by Selected Variables

3.16 Mean Income (RM) by Household Size, Unadjusted and Adjusted for Selected Variables

3.17 Mean Income (RM) by Ethnicity, Unadjusted and Adjusted by Selected Variables

3.18 Mean Income (RM) by District, Unadjusted and Adjusted by Selected Variables

3.19 Mean Income (RM) by Education Level, Unadjusted and Adjusted by Selected Variables

3.20 Mean Income (RM) by Occupation, Unadjusted and Adjusted by Selected Variables

3.21 Dummy Variables and the Corresponding Reference Categories

3.22 Regression Analysis

4.1 Percentage Distribution of Agricultural Households by Broad Category of Monthly Expenditure by Selected Variables

4.2 Median Monthly Household Expenditure by Selected Variables by Household Size

4.3 Median Monthly Household Expenditure by Selected Variables by Ethnicity

4.4 Composition of Monthly Household Expenditure by Type of Spending
4.5 Composition of Monthly Household Expenditure by Household Size

4.6 Composition of Monthly Household Expenditure by Income Group

4.7 Result of Engel Curve Analysis

4.8 Composition of Monthly Household Expenditure by Age Group

4.9 Income Elasticity and Household Size Elasticity with Respect to Expenditure by Age Group

4.10 Composition of Monthly Household Expenditure by Gender

4.11 Income Elasticity and Household Size Elasticity with Respect to Expenditure by Gender

4.12 Composition of Monthly Household Expenditure by Ethnicity

4.13 Percentage Distribution of Households by Level of Expenditure on Food by Ethnicity

4.14 Percentage Distribution of Households by Level of Expenditure on Education by Ethnicity

4.15 Income Elasticity with Respect to Expenditure by Ethnicity

4.16 Household Size Elasticity with Respect to Expenditure by Ethnicity

4.17 Composition of Monthly Household Expenditure by Selected Educational Levels of Heads of Households

4.18 Percentage Distribution of Households by Level of Expenditure on Food by Selected Education Levels of Heads of Households

4.19 Percentage Distribution of Households by Level of Expenditure on Education by Selected Education Levels of Heads of Households

4.20 Income Elasticity with Respect to Expenditure by Selected Education Levels

4.21 Household Size Elasticity with Respect to Expenditure by Selected Education Levels

4.22 Composition of Household Expenditure by Occupation of Heads of Households
4.23 Percentage Distribution of Households by Level of Expenditure on Food by Occupation of Heads of Households 102

4.24 Income Elasticity and Household Size Elasticity with Respect to Expenditure by Occupation of Heads of Households 103

4.25 Analysis of Variance (ANOVA) on Households Expenditure by Selected Variables 104

4.26 Eta, Beta and Model Goodness of Fit 105

4.27 Multiple Classification Analysis (MCA) of Household Expenditure by Selected Variables 106
# LIST OF FIGURES

1.1 Distribution of Employment by Main Sector in Selangor, 1997 | 6  
1.2 Organization Structure of Farmer' Organizations | 9  
1.3 The Map of Selangor | 19  
1.4 Lorenz Curve | 22  
2.1 Cumulative Percentage of Household Size | 31  
3.1 Mean Income by Age and Gender of Heads of Households | 46  
3.2 Mean Income by Ethnicity and Gender of Heads of Households | 46  
3.3 Mean Income by Education Level and Gender of Heads of Households | 47  
3.4 Mean Income by Education Level and Ethnicity of Heads of Households | 50  
3.5 Mean Income by Occupation and Ethnicity of Heads of Households | 51  
3.6 Mean Income by Age Group and Selected Education Levels of Heads of Households | 52  
3.7 Mean Income by Ethnicity and Education Level of Heads of Households | 53  
3.8 Mean Income by Occupation and Education Level of Heads of Households | 54  
3.9 Mean Income by Age and Occupation of Heads of Households | 57  
3.10 Mean Income by Ethnicity and Occupation of Heads of Households | 58  
3.11 Mean Income by Education Level and Occupation of Heads of Households | 58  
3.12 Mean Income by District and Occupation of Heads of Households | 59  
4.1 Average Monthly Household Expenditure by Socio-Economic Status of Household Head, Peninsular Malaysia, 1993/94 | 74  
4.2 Composition of Monthly Household Expenditure | 81
### ABBREVIATIONS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>AFO</td>
<td>Area Farmers’ Organization</td>
</tr>
<tr>
<td>FELCRA</td>
<td>Federal Land Consolidation and Rehabilitation Authority</td>
</tr>
<tr>
<td>FELDA</td>
<td>Federal Land Development Authority</td>
</tr>
<tr>
<td>FO</td>
<td>Farmers’ Organization</td>
</tr>
<tr>
<td>FOA</td>
<td>Farmers’ Organization Authority</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>IADPs</td>
<td>Integrated Agricultural Development Projects</td>
</tr>
<tr>
<td>NAFAS</td>
<td>National Farmers’ Organization</td>
</tr>
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<td>NAP3</td>
<td>Third National Agricultural Policy</td>
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<td>NDP</td>
<td>National Development Policy</td>
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<td>PG</td>
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<td>RISDA</td>
<td>Rubber Industry Smallholders Development Authority</td>
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<td>State Farmers’ Organization</td>
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<td>Women Farmers’ Group</td>
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