

INCOME AND EXPENDITURE DIFFERENTIALS IN THE
AGRICULTURAL COMMUNITIES IN SELANGOR

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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.

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ABBREVIATIONS

AFO	Area Farmers' Organization
FELCRA	Federal Land Consolidation and Rehabilitation Authority
FELDA	Federal Land Development Authority
FO	Farmers' Organization
FOA	Farmers' Organization Authority
GDP	Gross Domestic Product
IADPs	Integrated Agricultural Development Projects
NAFAS	National Farmers' Organization
NAP3	Third National Agricultural Policy
NDP	National Development Policy
NEP	National Economic Policy
PG	Product' Group
RISDA	Rubber Industry Smallholders Development Authority
SFO	State Farmers' Organization
WFG	Women Farmers' Group
YPG	Young Farmers' Group