

CHAPTER V

EFFECTS OF HOUSEHOLD INCOME ON EXPENDITURE

In this chapter, we will discuss how various sources of income from households influence their expenditures. Though the level of household income is subjected to many factors such as transfer income received, household size but the most important determinant was found to be the number of income earners in each household. Standardizing or normalizing the income of each household by income per capita was found to be the most important factor affecting household expenditure.

HOUSEHOLD TYPES ACCORDING TO SOURCES AND LEVEL OF INCOME

We found that there were four main sources of income. These are income from household head, income from other working members, income from part time job and transfer income. Some households have only a single bread winner while in other households there were three members working with the household head holding a part time job as well as receiving transfer income monthly. It is clear that both these households have different sources of income resulting in different level of income and consequently their expenditure pattern would also be very different. This can be seen from Table 5.1 and Table 5.2.

TABLE 5.1

THE SOURCES OF INCOME FOR HOUSEHOLDS

IN TUAN MEE AND CALEDONIAN DIVISION

Sources Of Income	Number Of Households	Percent Of Total Household (%)
Single Earner	4	6.7
Single Earner With Part Time Income	2	3.3
Single Earner With Transfer Income	1	1.7
Single Earner With Part Time Income And Transfer Income	1	1.7
Households With Two Or More Earners With Part Time Job	27	45.0
Household With Two Or More Earners With Transfer Income	13	21.7
Household With Two Or More Earners With Part Time Job And Transfer Income	12	20.0
Total	60	100.0

Due to the various sources of income, the households have different level of income as shown in table 5.2

TABLE 5.2
INCOME LEVEL OF HOUSEHOLDS IN
TUAN MEE AND CALEDONIAN DIVISION

Total Household Income Level	Number Of Households									
	Number Of Earners				Household size					
	1	2	3	>3	3	4	5	6	7	>7
320 - 419	3	-	-	-	-	-	2	1	-	-
420 - 519	5	3	1	-	-	-	3	4	2	-
520 - 619	-	20	2	1	1	-	-	2	9	11
620 - 719	-	5	9	3	-	-	-	2	8	7
720 - 819	-	-	2	3	-	-	2	1	1	1
820 - 919	-	-	-	1	-	-	-	-	-	1
920 - 1019	-	-	-	1	-	-	-	-	-	1
> 1120	-	1	-	-	-	-	1	-	-	-

The table above shows us the correlation between household size, number of earners and total household income. The larger the household, the more the number of earners in the household, consequently the level of income would also be higher.

EXPENDITURE PATTERN

A. Food

Food is a basic necessity. Two important factors affecting the amount of food consumed and food expenditure are the size of household and age structure of household members.

Satiation and elasticity for food are factors that determine the expenditure on food. According to Engel's Law increase in consumption is less proportionate than increase in income.

Households with different of sources of income have different expenditure pattern. In this section we test to see how expenditure on food is influenced by income source.

TABLE 5.3

AVERAGE EXPENDITURE PER CAPITAL AND AVERAGE PERCENTAGE OF INCOME SPENT ON FOOD FOR HOUSEHOLDS IN TUAN MEE AND CALEDONIAN DIVISION.

Household Types	Average Expenditure Per Capita (\$)	Average Percent Of Income (%)
Single Earner	25.00	51.47
Single Earner With Part Time Income	33.00	52.50
Single Earner With Transfer Income	33.00	52.50
Single Earner With Part Time Income And Transfer Income	50.00	50.00
Two Earner	36.20	52.70
2 Earners With Part Time Income	40.00	48.28
2 Earners With Transfer Income	42.00	49.00
2 Earner With Part Time Income And Transfer Income	56.00	47.00
More Than Two Earners	50.00	46.00
>2 Earners With Part Time Income	60.00	41.00
>2 Earners With Transfer Income	56.00	41.00
>2 Earners With Part Time Income And Transfer Income	56.00	33.33

An interesting fact can be derived from this study. Though the percentage of income spent on food for households with income from only household head is large, the food expenditure per capita for these households are smaller compared to other groups.

Even though income increases from household with single earner to households with multiple earner, the increase of expenditure on food is lesser. This is because even if income were to increase twice as much, it is not possible for food consumption to increase twice as much, too, because a person can only eat a certain amount and not more.

All single earners spend more than half their income on food. This is because their average income per month is between \$340.00 to \$500.00

Anyway, members with part time job, spend a larger portion of income on food. This is due to, most of them are growing their own vegetable and rearing chickens, ducks or goats. Therefore they consume more food and when this amount is computed, it indicates a large amount of expenditure.

Households with members working elsewhere, have relatively larger expenditure on food. This is due to several factors. Firstly, more working members usually indicate a larger household with more adults therefore food consumption is higher. Furthermore, members working outside the estate usually have their meals outside. Therefore a larger expenditure will incur.

From the survey, we found that most low income households spend more on dry provisions compared to households with high income. Meanwhile households with high income spend almost 50% of their food budget on fresh vegetables, meat, milk and so forth. The low income households usually substitute milk and meat which are protein rich food with less expensive protein source such as lentils and soya bean.

In concluding, it is important to stress that though there is quite a large gap in the income per capita which is \$119.00, there is not such a large gap in the per capita expenditure on food. The actual gap is about \$31.00. This is because food is a basic need, therefore no matter how low the income, a certain amount has to be spent on food.

Even if there is additional income from part time job or transfer income or from other members resulting in higher household income, the amount spent on food will not rise proportionately to income. It will only rise slightly. This rise is probably due to consumption of better quality food and also other members working, have their meals away from home.

B. Clothing And Footwear

Clothing and footwear is another necessity for man, although sometimes clothing and footwear becomes a luxury item. However, most of the residents in Tuan Mee and Caledonian Division consider clothing as a basic requirement that needs to be fulfilled.

Since most respondents only buy clothing and footwear once a year and do not allocate a monthly budget for it, it is not possible to obtain the fraction of income spent on clothing and footwear. Therefore, we will concentrate on an approximate amount that is spent by the respondent each year.

The table below will indicate the average expenditure per year, for each group of household income and on average per capita expenditure on clothing and footwear.

TABLE 5.4

ANNUAL AVERAGE EXPENDITURE PER CAPITA FOR CLOTHING AND FOOTWEAR OF HOUSEHOLDS IN TUAN MEE AND CALEDONIAN DIVISION

	Average Expenditure Per Capita Per Year(\$)	Average Yearly Income (\$)
Single Earner	32	4080.00
Single Earner With Part Time Income	52	5280.00
Single Earner With Transfer Income	54	5280.00
Single Earner With Part Time Income & Transfer Income	60	6000.00
Two Earners	50	5760.00
Two Earners With Part Time Income	60	6960.00
Two Earners With Transfer Income	62.85	7200.00
Two Earners With Part Time Income & Transfer Income	71.40	9960.00
More Than Two Earners	74.30	9120.00
>2 Earners With Part Time Income	75.70	12288.00
>2 Earners With Transfer Income	77.10	9840.00
>2 Earners With Part Time Income & Transfer Income	77.10	14112.00

C. Entertainment, Alcohol And Tobacco

Most respondents do not allocate a large budget for entertainment. The only form of entertainment they indulge in are watching television, viewing video cassette and visiting friends. These entertainment do not cost much. Even the video cassette only costs \$2 per tape. Therefore very little is spent on entertainment..

Income does not determine expenditure on these items. The only determinant of expenditure on alcohol and tobacco are the level of addiction and budget constraint. Sometimes if the level of addiction is high then budget constraint is ignored.

Table 5.5 will give a clearer picture of the amount spent on entertainment, alcohol and tobacco.

TABLE 5.5

AVERAGE MONTHLY AMOUNT SPENT ON ENTERTAINMENT,
ALCOHOL AND TOBACCO FOR HOUSEHOLDS IN
TUAN MEE AND CALEDONIAN DIVISION

	Average Expenditure On Entertainment (\$)	Average Expenditure On Alcohol And Tobacco (\$)
Single Earner	25.00	61.67
Single earner With Part Time Income	45.00	70.00
Single Earner With Transfer Income	40.00	73.00
Single Earner With Part Time Income & Tranfer Inscome	50.00	67.00
Two Earners	45.00	65.00
Two Earners With Part Time Income	50.00	67.00
Two Earners With Transfer Income	55.00	70.00
Two Earners With Part Time Income & Transfer Income	60.00	73.00
More Than Two Earners	45.00	70.00
>2 Earners With Part Time Income	55.00	65.00
>2 Earners With Transfer Income	60.00	73.00
>2 Earners With Part Time Income & Transfer Income	60.00	35.00

As the different household's income increases there is an increase in entertainment. Households with single earner only spend between 7.4% to 10.2% of their monthly income on entertainment. Meanwhile, households with two earners spend between 7.2% to 9.4% of their income on entertainment. Lastly households with more than two earners spend 5.1% to 7.3% of their income on entertainment expenditure.

Though, as the income increases, the average expenditure on entertainment also increases, the percentage of income spent on entertainment slowly decreases.

Since entertainment is a luxury item for households in both the estates, when income increases the expenditure on these item increases at a higher rate.

Meanwhile, for alcohol and tobacco consumption for single earners there is an increase in expenditure with the increase of income but later it drops for households with part time income and transfer income.

For households with two earners, there is an increase for all the groups as the income increase.

For households with more than two income earner, with part time income and transfer income the amount spent on alcohol and tobacco in a month is only \$35.00.

Therefore it is obvious that income does not play a very important role in determining the amount spent on alcohol and tobacco.

D. Household Goods

All households own some form of semi durable goods. The only difference is the lower income household would probably buy cheaper and low quality goods. Meanwhile the higher income group would purchase better quality goods. Furthermore the lower income group would not purchase these goods unless the old goods cannot be repaired or further used.

The effect of income on semi durable goods are quite hard to track because, for instance, in the case of kitchen utensils some households use plastic plates and cups, meanwhile, other households may use glass plates and cups. Though both households own kitchen utensils but one household has a larger expenditure acquiring them.

The effect of income on durable goods can be seen more clearly since most of the goods are in the same price range. Table 5.6 will give a clearer picture.

TABLE 5.6

AVERAGE AMOUNT SPENT ON DURABLE GOODS BY HOUSEHOLDS FROM
JUNE 1990 TO JUNE 1991 IN TUAN MEE AND CALEDONIAN DIVISION.

	Average Expenditure (\$)	Average Yearly Income (\$)
Single Earner	1340	4080.00
Single Earner With Part Time Income	1500	5280.00
Single Earner With Transfer income	1630	5280.00
Single Earner With Transfer Income and Part Time Income	1800	6000.00
Two Earners	1700	5760.00
Two Earners With Part Time Income	2000	6960.00
Two Earners With Transfer Income	1900	7200.00
Two Earners With Part Time Income And Transfer Income	2300	9960.00
More Than 2 Earners	2500	9120.00
>2 Earners With Part Time Income	3400	12288.00
>2 Earners With Transfer Income	4200	9840.00
>2 Earners With Part Time Income And Transfer Income	4700	14112.00

These goods include goods that are hire purchased. The value of these goods are also computed.

From the table 5.6, as income increases the demand for durable goods increases also. The difference with different groups for sole earner is not very wide. This is because their income is comparatively lesser. Their income are also not stable. Therefore, if they buy goods like motorcycles on hire purchase, they might find themselves unable to meet payments.

Meanwhile households with multiple earner are more willing to spend on durable goods. This is because they have two or more sources of permanent income. Therefore, they are more able to invest in these goods.

Acquiring durable goods is considered a prestige. Therefore when income increases the expenditure on these goods increases. Usually any excess income is used to buy these goods.

E. Medical Care And Health Expenses

There is no clear relation between income and medical expenses. As related before, there is only two households in the sample with substantial amount in medical expenses due to members having serious form of ailment and are under medication.

There are clinics available in estates, providing medical care free of charge. Therefore, the residents prefer to seek medical treatment there.

There are some households that buy medicine from nearby shops. The amount they spend is usually less than \$5 per month. This amount is not very significant and also expenditure is irregular.

F. Education

The most important determinant in the expenditure level in education is the number of school going children in a household. Only after identifying these households, can we see the role played by income. Households with no member in school do not have any educational expenses since taking up various courses or furthering one's studies is almost unheard of.

Even households with school going children do not spend much on this item. This is because school going children are not sent to tuition or bought reference books and so forth. In order to fulfil an obligation, parents or guardians send those children to school. Furthermore the drop-out rate is quite high.

The majority of the households spend less than 4.9% of their income on education, only 5 households spend more than 5% of their income on education. This is because, if most school going children are in primary level, transport expenditure does not incur since they attain the Tamil school in the estate itself. Most of them are only given 20 cent or 30 cent for pocket money each day and some are not given any.

Students in secondary level have larger expenses including transport expenses and pocket money since they have their meals at school.

G. Miscellaneous Goods And Services

Since most of the respondents are from lower income group they do not have surplus income to spend on other goods and services.

About 50% households donate a few dollars to the temple every month. This is usually from the groups with larger income.

There are three households and all of them are from households with more than two income earners who have taken insurance policy. They each pay \$50, \$100 and \$110 each month.

SAVING, DEBT AND ASSET ACCUMULATION

Income plays an important role in savings, debt and asset accumulation by households. Usually households with higher income save more, accumulate more assets but have lower income.

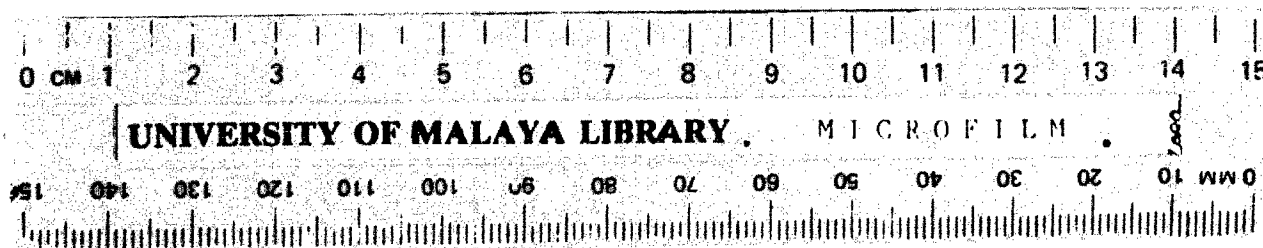


TABLE 5.7

AVERAGE AMOUNT SAVED AND DEBT
ACCUMULATED FROM JUNE 1990 TO JUNE 1991 FOR
HOUSEHOLDS IN TUAN MEE AND CALEDONIAN DIVISION

	Average Amount Saved Per Year (\$)	Average Debt Per Year (\$)
Single Earner	300.00	592.00
Single Earner With Part Time Job	720.00	630.00
Single Earner With Transfer Income	480.00	590.00
Single Earner With Part Time Income & Transfer Income	600.00	540.00
Two Earners	550.00	620.00
Two Earners With Part Time Job	620.00	680.00
Two Earners With Transfer Income	618.00	700.00
Two Earners With Part Time Income & Transfer Income	640.00	650.00
More Than Two Earners	720.00	580.00
>2 Earners With Part Time Income	780.00	576.00
>2 Earners With Transfer Income	840.00	520.00
>2 Earners With Part Time Income & Transfer Income	1200.00	400.00

The amount saved increases with the increment of income. Most of the time, groups with higher income have surplus income which is saved.

The higher the income, the more the household saves but percentage of income saved is relatively smaller. This is because higher income will result in higher expenditure. For instance, a working mother has to hire a person to look after her young children. Members who work outside the estate will have their meals outside. These will result in higher expenditure and therefore, the amount that can be saved is lesser.

Meanwhile, for debt, as income increases, the amount of debt increases because the higher income group are able to repay their debts. They do not allow their debts to accumulate over the year.

Usually households with higher income or more than two sources of income have debts due to assets bought on hire purchase basis.

Though income plays an important role in determining the amount of debt, the more important factor is the individual themselves. If a person spends unwisely, his/her debt will be higher.

Asset accumulation in the form of house or land is only popular among households with large income. Only nine households own a house each. These households are from households with two or more earners.

Two households own a piece of land each and another two households own both land and a house each. These households are also from the group of two or more basic earners.

Almost fifty households have invested in jewelleries and valuables. These are from different groups.

CHAPTER VI

CONCLUSION

So far, we have examined the income and expenditure pattern and now we can conclude that the hypothesis is correct for estate workers as portrayed by the residents of Tuan Mee Division and Caledonian Division. The hypothesis involved are:

- i) Consumption of basic needs like food does not increase proportionately with the increase of household income.
- ii) Consumption of other social goods like entertainment and durable goods increases with the increment in household income.

PRINCIPLE RESEARCH FINDINGS

A. Sources of Income

The household income of workers is characterised by uncertainties as the income of estate workers is liable to fluctuate. Household income is found to be unequally distributed.

There are five main sources of income. These are

1. Income from household head
2. Income from other working members
3. Income from parttime job
4. Transfer Income
5. Income In kind

The income from household head is the main income in all households. From the sample, there are eight households who have only one source of income. The rest of the households have other sources of income. Yet, income from household head is important in determining level of household income.

Income from other working members are also important because they contribute to the income of household. This will increase the level of income of that particular household. These members are also indirectly paying for their food and accomodation.

Households with part time job not only enjoy a higher level of income but those who have vegetable plot or rear poultry or goat, consume their own product. Therefore this ensures that these households have better quality food than those without part time job. Some household heads also garden in nearby villages.

Transfer income is another important source of income. These income are payments that are received for no economic activities performed. Transfer income in this study is money received from children or younger household members who are working elsewhere. This is a customary practice among Asian societies.

B. Expenditure Pattern

Different households have different level of expenditure. The main determinants in expenditure level are income level, household size and age structure of household members.

The larger the size of the household, the bigger the expenditure that will incur. For instance, a household with ten members will consume more food than a household with six members. Therefore the expenditure for food for large households are relatively higher than food expenditure for smaller households.

Likewise, a household with mostly children would consume less than a household with the same number of adult members. An example is, a household with six members, four of whom are children and another household with six adult members. The first household would consume less food than the second one. Therefore, the food expenditure of the first household would be smaller than the expenditure of the second household.

In the same way a large household will also have larger entertainment, clothing and footwear, and other expenditure compared to smaller households. This is because there are more members with needs to be fulfilled.

Expenditure on education and alcohol and tobacco consumption relies mainly on the age structure of the household. For instance, a household with a large number of children would have a relatively larger education expenditure than a household with the same number of adult members, on the other hand, a household with large number of adult would probably have an equally large alcohol and tobacco expenditure compared to a household with small children.

The type of household is an important factor in determining the household expenditure.

C. Effect of Income on Expenditure

Income plays an important role in determining the level of expenditure in each household in Tuan Mee and Caledonion Division.

For food expenditure, the important factor determining it, are household size and age structure. This is because food is a basic need. Even when income equals to zero, there will be food expenditure because household members have to eat. Therefore, whether the food expenditure is large or small depends on household size and the age structure of its members.

Households with part time income spend a substantial amount on food especially those who have vegetable garden and rear poultry. They consume their own product therefore the amount of food consumed is higher and when a figure is computed on the consumption, the expenditure on food will also be higher. Households with transfer income also have higher food expenditure because of consumption of better quality food.

Other expenditure groups like savings, entertainment, clothing and footwear and household goods can be considered as luxury. The demand for these categories are elastic and the demand for these items changes substantially with changes in income. Our study shows, groups with other sources of income like transfer income or income from other members, spend more on these items. Meanwhile expenditure on alcohol and tobacco are determined by the level of addiction and consumption of each individual.

Therefore income acts as a constraint in determining these expenditure yet sometimes this constraint is broken when these households borrow money or pawn valuables to support their consumptions habits.

Expenditure on education is determined by the number of school going children in each household. If there are more children at school the expenditure on education will be higher. It is undeniable that households with higher income spend more than households with lower income. This is because they can afford to buy more books and give more pocket money to their children.

Income is not an important determinant in medical care and health expenses because free medical facilities are provided by the estate management. Therefore the residents seek medical attention in the estate clinic free of charge, when they need to.

Though most households try to spend within their income, sometimes debts do occur especially during low income period or when ~~there~~ is a sudden unexpected expenditure. Most households with low income have debts because they usually buy household food on credit. Meanwhile households with higher income have debts because they buy durable goods on a hire purchase basis. Therefore the household priority is the main determinant of debts accumulated.

D. Asset formation by Different Household Types

Only six households in the sample from both Tuan Mee and Caledonian Division own a house each. There is another two households with a house and a piece of land each. All eight households are households with income from more than two working members. The households with a house and land each have income from transfer income too. Meanwhile two out of the six households, who owns a house, receives transfer income.

These households are able to buy assets because they have more than one source of income. Therefore when the pay of the household head who purchased the house is deducted, there is still enough income for the household to live by. Meanwhile households with a single or two earners are not able to purchase assets because their income is just sufficient for household expenditures.

About fifty households in the sample own jewellery. This is because Indians are very particular about valuables. They are very proud of their collection of valuables. Indian women in the estate will go to the extent of cutting down expenditure on food to acquire these valuables. Owning of jewellery is a status symbol for them.

The amount owned by each household varies. Households with large income have more jewellery. This is because jewellery is a luxury good therefore when income increases the expenditure on these items increases, too.

Sometimes these jewellery is also given as part of the wedding dowry.

E. DEBT

Debt occur because of the uncertainties involved in the income of the estate household. If the weather is bad continuously, the income of workers would be affected. Therefore if a household has no saving, these households are forced to borrow money to pay for their daily expenses.

However there are some households who have debt accumulated because of social wants and other unhealthy activities. Some household buy durable foods that are not essential, for the sole purpose of prestige. These items are bought during high income with the hire purchase method. During low income period they are unable to settle their payments, therefore they borrow from other sources. This results in a large accumulation of debts.

There are individuals who borrow to indulge in excessive consumption of alcohol and tobacco. Some household members also borrow to gamble.

Our study shows that there are forty seven households in the sample who have some form of debts. Twenty three of the households have debt amounting to above \$500. The others have debts between \$100 to \$320.

Income is an important determinant in accumulations of household debt. An equally important factor is, attitude of the individuals.

LEVEL OF INCOME AND ITS DETERMINANTS

The low level of education and limited skill of the working population have caused their occupational status to be low and also to be relatively immobile. This in return, has resulted in a low level of income. Besides that, low level of education and limited skill has also influenced other aspects of the households such as their attitudes.

A. Education

Education plays a very important role to help secure a better paying job. The root of problem in Tuan Mee and Caledonian Division is the low level of education. This confines the resident in manual line. Therefore, they are deprived of the opportunity to upgrade their life.

The importance of education should be stressed upon. Maybe it is a bit too late to educate the adult population but they should be made aware of the importance of education so that they will not deprive their children of this opportunity. In order to do this, the government or the Education Department should have seminars and talks to promote education and also enforce compulsory education.

The schools in the estate should also be upgraded. Most estate Tamil schools are in bad shape. For instance, the estate Tamil school in Tuan Mee estate has no electricity supply. The children are supposed to pay attention to their lessons while sweating profusely due to the heat or strain their eyes when it gets dark in the evening. A child cannot pay full attention if he/she is uncomfortable. Sometimes the school building itself is in a bad shape. Therefore the government should allocate a certain amount in upgrading the estate Tamil schools. Besides that other private bodies can also help by contributing towards upgrading the Tamil schools in estate.

Most teachers in Tamil schools are secured on temporary basis. Therefore in a year a student might find himself being taught in any one subject by several teachers. The main reason for this is, the lack of facilities in Tamil schools in estates. Therefore, if the schools are upgraded there is a better chance that the teachers will remain longer.

Parents should also take more interest in their children's education. If the parents are illiterate they should at least ask another member of the household who is educated or a neighbour to watch the progress of their children. The parents should at least make sure that their children attend school properly.

The primary school children should also be prepared when they switch to English or Malay medium schools. In that way, they would not be left far behind.

B. Skills

Vocational facilities should also be introduced. Youth who are unemployed in the estates should be sent to the youth centre in Dusun Tua. This is to enable them to acquire skills to work in other sectors like the manufacturing, commerce and services sectors.

Other than that, seminars or workshops can be organised to expose the youth to the technical or administration skills that they can acquire. This will encourage the youths to broaden their scope by acquiring different skill and knowledge. This will be an asset to them when they are looking for a job. These skills will also be a door-opener to other fields for youths from estate. They would have a greater opportunity to find a better job and earn a higher level of income.

C. Attitudes towards outside work

Firstly, estate residents should be educated to reform their attitudes towards outside job. Most residents do not want to leave the estate because they prefer to be in a community they are familiar with. They should be educated to learn and experience new things. The first step would be to leave the estate and get a job from other sectors.

Parents should also be advised to allow their children to leave the estate to seek job especially youth who are neither schooling nor employed. Most parents in the estate prefer to have their children staying with them doing nothing than leave the estate to seek employments.

Furthermore there are not many jobs available for the future generations in estate. The only jobs available are in manual line. Income from these jobs are unstable therefore the younger generations should be encouraged to seek better paying jobs outside the estate, instead of wasting their time waiting for employment in the estate itself.

D. Uncertainties

The low level of income is also determined by the uncertainties of the jobs in estate.

There are fluctuations in climatic and physical factors which results in a drastic drop in income of household. When calamities occur these household will be in debt unless they have sufficient saving and income.

EXPENDITURE PATTERN

A. Basic Consumption Expenditure

Most residents in Tuan Mee and Caledonian Division have improper priorities settings. Instead of buying better quality food like milk and fresh vegetables most residents buy cheaper food and cut down in food expenditure to indulge in alcohol or tobacco.

There are twenty seven residents in Tuan Mee and Caledonian Division who indulge in tobacco and alcohol excessively. To support their indulgence they resort to pawning valuables or borrowing. The only solution to this problem is to cut down on alcohol and tobacco consumption.

The expenditure pattern among most residents in Tuan Mee and Caledonian Division are dictated by social wants. They feel they are in a higher prestige by acquiring durable goods that are not essential to a household. Most of these goods are bought with hire purchase method. When they are not able to pay the amount agreed upon each month, they resort to borrowing. This leads to a permanent cycle of indebtness.

B. DEBT

The total amount of debts accumulated by the time of the interview ranges from \$200 to \$1100. 40% of the households can be termed as bad debtors as they allow their debt to accumulate from one period to another. They are mainly those having accumulated debts of \$500 and above. The rest can be assumed to be able to make ends meet.

There are also, those who choose to pursue activities like gambling with extra cash or purchasing something that is not essential instead of settling their debts.

C. Assets

Some households have purchased assets such as low cost houses.

Out of the sixty households interviewed only eight households or 13.3% own a house outside the state. Two other households own both houses and a piece of land. These households draw from their EPF to pay for the down payment of their houses and deduction are made from their monthly wage.

CONCLUSION

From our study on income and expenditure pattern of households in oil palm estate, we found that the absolute income of the workers are low. This is true for most workers in the estate industry.

There are many barriers to higher income earning opportunities. These barriers are low level of skill, low educational level and also negative social attitudes towards non-estate work.

As a results of low income level a large portion of income is allocated to basic necessities. There is not much left to save. As a result, the asset accumulation among estate workers are low and the level of debt is high.

The low income of workers affects the education of estate children. They are deprived of better schools and higher education.

Most estate workers are trapped in poverty and low cycle income. In order to improve the state of these estate workers the Tamil Plantation schools should be improved. The conditions of the schools should be improved to provide a better environment.

Estate workers should also be encourage to save. A bank service should be provided for each estate. This is to encourage the workers to save, since the service is readily available.

The youth of the estate should also be taught vocational or technical skills. This is to prepare them for employment outside the estate.

Households should be made aware of their relative backwardness. If these households are prepared to improve their social and economical standing then they would be able to better themselves.