

## 8.1 FAMILY INCOME :

In ordinary sense the word 'income' means whatever is coming in terms of money or cash for a particular period of time to the family. But money may be a part of total family income. Thus, family income is not confined to money income. So, family income can only, but include goods, services purchased and also the satisfaction gained by consumption. It can be defined in different ways.

According to Gross and Crandall "Family income is that stream of money, goods, services and satisfaction that occur under the control of family, to be used by them and to satisfy needs and desires and to discharge obligation".

In an another definition, Nickle and Dorsey defined family income as the



—'flow of money, goods and services and satisfaction obtained in any period of time'.

Refer to those examples given above Barua's family income include his salary, money from rented house, accommodation that is paid for by his employer, his wife also contributes income by using her knowledge and skills in running her household chores etc. So, all these are included into family income and these enables the members to fulfil their needs and desire which is required to discharge their responsibilities.

From this we can define -

Family income is the flow of money, goods and services to the family over a period of time.

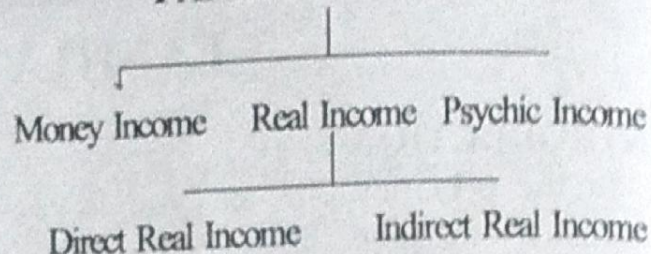
## 8.2. COMPONENTS OF FAMILY INCOME :

Now we know that family income which comprises of these components like - Money Income, Real Income and Psychic Income.

**a) MONEY INCOME :** It is an income acquired in the form of money over a period of time. Money income is defined as the purchasing power or the flow of money available over a given period of time. Family members earned money income by putting their efforts. It can be obtained in different ways like pay of salary, wages, bonus, rent, pension,

interest, profit, gifts, royalties etc. Money income is obtained weekly, monthly, annually etc. It gives purchasing power to an individual which can be used to fulfil desire, needs etc.

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**b) REAL INCOME :** It refers to the stream of goods and services used by the family members over a period of time. Real income is defined as the flow of commodities and services to a family in a period of time. It includes all the goods, services, comforts which can be obtained by using money income and it also includes community services like parks, markets, schools, hospitals, college etc.

Real income is of two types -

(a) Direct real income.

(b) Indirect real income.

✓ **Direct real income** includes those goods and services which are available to the family, without using money. For example an employee gets free accommodation along with his salary, a person receives or gets conveyance, telephone allowance, uniform, free education for children etc.

✓ **Indirect Real Income :** It includes



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goods and services which are obtained by spending money income or by using human resources of family members like knowledge, skill, interest etc. For example a family can earn income by producing vegetables in the kitchen garden, by stitching and laundering their own dress and other clothing materials at home etc.

Besides these one can made use of facilities offered by government like health services, free education, park, public library.

**c) PSYHIC INCOME :** It refers in the term of satisfaction one receive or derive by using money and real income. Usually people use their money and real income to fulfil their needs and desire and by fulfilling them they derive satisfaction. These satisfaction is termed as psychic income. It varies from individual to individual and it is difficult to estimate the level of satisfaction one gets by spending money and real income. For example, if one of your uncles has the goal of possessing a beautiful house and he had worked hard and earned money which helped him to possess his house. The possession of his own house gives him satisfaction which is known as psychic income. ✓