

8.3. SOURCES OF INCOME :

Income of family can be earned in different ways like wage, salary/pay,

bonus, pension, interest, profit, gift, rent, royalties etc.

a) **WAGES** : A wage may be defined as the sum of money paid under the contract by an employer to an employee for service that he rendered. Wages are generally paid in cash, but sometimes it is paid in the form of goods and services. For example cereals like rice, wheat given to the workers for work.

b) **SALARY** : It is given to the individual who perform mental work more than physical work. It depends on mental capacity, knowledge, education, experiences, work efficiency and performance of the employee. Salary includes basic pay, dearness allowance, house rent, medical allowance etc. Some other allowances are also included depending on nature of the job.

c) **INTEREST** : It is regarded as the payment for the use of capital, given to the owner of the capital. It may not be a fixed one and changes time to time. Interest may be source of income for a family.

d) **RENT** : Rent means the payment paid to the owner for the use of house, equipment, vehicle, land etc. It is not fixed but varies from one to another depending on different factors like in case of house, it depends on location of the house, facilities provided and floor area of the house, etc. Rent recieved by the

owner may be considered as a source of income for the family.

e) PROFIT : It is referred as a reward for the work of productive activity or a work of entrepreneurial abilities. Profit may vary at times depending on the fluctuation of work.

f) PENSION AND GRATUITY : It is given by the employer to the employee after getting retirement from the work place. It is given on monthly basis and the amount depends on the salary drawn at the time of retirement.

Gratuity is the fixed amount given to the employee at the time of retirement. It is given to those employees who have completed 33 years of service and the amount is sixteen and half months of the basic pay and grade pay of which the employee draws at the time of retirement. It is given for both Central and State Government employees.

g) BONUS : Most of industry, business house, institute and even government employees who are drawing salary below a certain slab are entitled to get bonus. It depends on profit earned by the institution, business house etc. It is given once in a year preferably in the festive season.

h) GIFT : Usually it is not a regular one but if gift is inherited from father or forefathers to their children or grandchildren which brings regular income to the

family then it can be considered as a source of income.

i) ROYALTY : Some individuals like writers, poets, lyricists etc. earn income by publishing their work. Publishers used to give royalty to the writer, poet based on the sales of the books. So, royalty can be considered as a source of income for them.

Now you know about the different sources of income for a family. Can you make a list of sources of income of your family?

8.4. SUPPLEMENTARY FAMILY INCOME - NEEDS AND WAYS :

Generally, if you ask a question on available income to any individual like - Are you satisfied with your income? Can you fulfil all needs and desires of your family with the available income? Most people will answer in negative ways. Why does it happen? Because at present where the price index is rising everyday, at the same time the demands are also increasing. So, one has to really work hard to meet the situation and for this purpose additional income has to be earned by the family members. This additional income is termed as supplementary income to the family.

8.4. (i) NEEDS FOR SUPPLEMENTARY FAMILY INCOME :

There are certain factors which govern the needs to supplement the family

income. These are -

(a) To fulfil the basic needs or necessities of life.

(b) To achieve family goals.

(c) To raise standard of living.

(d) To ensure savings for future security.

(e) Inflation

(a) To fulfil basic needs of life : Money is required to fulfil basic necessities of life as well as other comfort of life. But it is not possible to meet these expenses with the limited income. So one has to be engaged in some work to earn additional income for the family.

(b) To achieve family goals : Each and every family sets certain goals for their family. These goals may be short term like purchasing durables like washing machine, freeze and long term like purchasing a house or flat or possessing a house etc. But it is not possible to achieve these with the available income. So, one has to earn additional income for this purpose. For example - Suppose your parents have set a goal to send all the children for higher education. In order to achieve this goal your parents may engage or work or take steps to earn additional income.

(c) To raise standard of living : Everyone wants to have necessities and

enjoy comforts and luxuries to the maximum. It is a human nature. One can judge the level of standard of living by knowing to what extent the family is able to meet the needs and to provide comfort to the members. And also want to shift towards higher standard of living. So, it requires a lot of money which is possible through supplementing family income.

(d) To ensure savings for secure future: Every individual likes to ensure a secure future for the family, Because nobody knows about the future, anything may happen at any moment. These unexpected happenings account for large expenditure jeopardising the future. In such times one needs extra amount which may not be possible with previous savings. So, one has to depend on additional income or supplementary income. Therefore, supplementary income is essential to save for future.

(e) Inflation : It is one of the factors which motivate the family to earn supplementary income. The term 'inflation' is very common as, majority of the population use this word. It is a situation which arises out of population explosion. Thus it create wide differences between demand for the commodity and supply of commodity, which leads to rise of the prices of commodities. As a result,

available income of the family may not keep pace with the increase in prices. So the need of supplementation of income is felt by the family members.

Besides these, it is also essential to meet the financial responsibilities of expanding stages of family life cycle. Family life cycle consists of three stages like - Beginning, expanding and contracting stage. Out of these three, expanding stage cover long period of life and require quite good amount of money to meet varieties of demand. Thus, supplementary income is of great help for the family.

8.4 (i) WAYS OF SUPPLEMENTING FAMILY INCOME :

Income of a family can be supplemented through various ways. They are -

(a) Adopting income generating activities : In order to earn additional income, any member of the family can effectively utilize his or her talent. For example - In your family, your mother may know the technique of weaving or stitching garment, if she utilizes her leisure time to do these, then she can take order from customer or sale her product which will give her good income. This income increases the total income of your family.

(b) Part-time Job : Income of a family can be supplemented by any member of

the family by doing part-time job. Today it is very common to majority of households. In part-time job one must work for some fixed hours and is paid for. For example - your friend Bina's mother works in a music school for two hours in the evening and earn extra amount for her family. In some household, educated member take tuition in their free time and earn income for their families. Many students take up summer job during long vacation to earn money to add to family income.

(c) Increase in Real income : All of you know about real income. Do you remember? It has been discussed in beginning of this chapter. The co-ordinated participation of all the family members in doing the household chores, can bring about significant increase in family's real income. For example - if some of the food product like 'Jam', 'Jelly', 'Squash', 'Pickle', ground spices prepared in home, stitched day to day wear and night dress in home, repairing appliances, maintain kitchen garden etc. can reduce the expenses of the family which ultimately results in increasing family's real income.

(d) Judicious Investment of Savings : It is one of the methods of supplementing family Income. In this method, families savings are invested in a proper manner that ensures a good

income to the family. But investor should have proper knowledge of investment as well as market situation etc. You might have noticed or heard about working of self-help group of your locality or village or town. Today, self help groups are doing very good business. One of the family members can be a member of this group and earn income for the family.

(e) Judicious use of available material resource : One can earn an income by judicious use of available material resources of the family. If a family possesses more material resource than needed that can be used to earn income. For example - if the house is too big for

a family then one of the part of the house can be given on rent or mothers can open 'creche' or 'day care centre' or any member can use for teaching students etc. If there is any open space around the house one can make use of the land by planting fruits and vegetables. In this way one can use available resource to earn income for the family. If you observe in your house hold, you will also find some means of earning additional income to your family.

Therefore, by adopting above mentioned means, family income can be supplemented and can improve economic condition of the family.

SUMMARY

- Income means 'the money or goods or services available to use by the family for a particular time.
- Family income is the sum of total of money income, real income and psychic income.
- Different sources of money income are wage, salary, rent, interest, profit, bonus, royalty etc.
- Supplementation of income refers to the addition of money income to the family income.
- It is important to supplement family income to achieve goods, cope with inflation, to maintain standard of living and to ensure secured future.
- Different ways of generating additional income are - adopting income generating activities, make use of available material resource, judicious investment, taking up of part time job etc.