

**INCOME AND INDEBTEDNESS IN THE SRI LANKAN ESTATE
SECTOR: AN INVESTIGATION OF SAVING HABITS AMONG INDIAN
ORIGIN TAMILS IN SRI LANKA**

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The economic underdevelopment of the estate sector Indian origin Tamils in Sri Lanka has become one of the most important issues that dominate the politico-intellectual climate of the country today. Notably, the poverty level of the estate sector is still the highest among all three sectors in the country and the monthly income level of the estate sector is also not in par with that of the other sectors. By and large, the major reasons for this poor economic condition of these people are their poor savings and the relatively low investment in different income generation activities. Considering all these facts, an independent study was conducted aiming at investigating the level of income, debt and the major aspects underlying the condition of poor savings of the estate sector Tamils. The study employed case study method and a brief questionnaire to collect necessary data from forty Tamil households, selected through convenient sampling method from the Westhall Estate, Kataboola, of Kahawatte Plantations PLC.

The study reveals that, whereas the average monthly total income of these families is Rs.27837.50, the average monthly expenditure only for selected most common requirements exceeds Rs.26500. This leads them to be chronically indebted throughout their whole life and the present study shows that the average current debt amount of these families is Rs.9262.50. Unfortunately, to overcome this type of an adverse economic condition they do not have any other substantial means of income generation, mostly because of the lack of resources. However, only 12.5% of the households have some extra income generation mechanisms such as small businesses and poultry. The most common coping mechanism identified was borrowing from neighbours and money lenders. With regard to saving habits of these people, the study found out that even though all the households in the study sample have at least one savings account at any bank in the country, almost all of them never save a fixed amount of money on a regular basis and they do not maintain saving as a habit. Although, the average amount of current savings of these households is Rs.12175, 42.5% of them have no savings at all and 7.5% of these families have only below Rs. 5000 as the current amount of savings. Though in the respondents' perception the increased cost of living, lower salary, unemployment and their ill health conditions are the major reasons for their poor savings, further investigation is needed to identify the deep rooted factors that influence the saving habits of these people.