

Foundation Programme in Literacy, Numeracy and Skills

Financial Literacy

{ELECTIVE}

Grade 9



Income and Disposable Income

MAURITIUS INSTITUTE OF EDUCATION under the aegis of



MINISTRY OF EDUCATION AND HUMAN RESOURCE

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Lesson 16 | Income and Disposable Income

A Income and Disposable Income

B Competency

- Main Competency
 - Managing Personal Finance
- Sub- Competencies:
 - Understanding Disposable Income

C Learning Outcomes

By the end of the lesson students should be able to:

- Understand what Income means
- Understand what Disposable Income means
- Plan a budget

D Resources and materials

- Whiteboard and markers
- Recent receipt or visual aid
- Sample payslip

E Implementation guidelines

Introduction

- Brainstorming on the concept of Income.
- Provide a clear definition of Income: **Income is the reward for labour.**

Examples of Income:

- A teacher's salary
- A shop owner's profit
- Money earned from renting a house
- Interest received from a bank savings account

Lesson 16 | Income and Disposable Income

2. Definition of Disposable Income:

- Read the following case study based on income and disposable income and complete the task below.

Hello, my name is Will.
I work in a garage as a mechanic.
I earned Rs 35000 per month.

Income

I have to pay tax on my income.

- Amount of tax
 $15\% \times \text{Rs } 35000 = \text{Rs } 5250$

Tax paid

After taxes, I have Rs 29750 left.
(Rs 35 000- Rs 5250)

With this money, I can save or spend on things I want.

Disposable Income



Lesson 16 | Income and Disposable Income



Note:

- **Income is the total money a person earns.**
- **Disposable income is Income after Tax.**

F

Assessment (in worksheet)

- Activity 1: This activity helps students to identify income and disposable income.
- Activity 2: Students have to calculate disposable income. They need to understand that disposable income is income left after tax.
- Activity 3: Students have to plan a budget. The aim of this activity is to develop awareness about how students can manage their income.

G

Extension of activity

Encourage students to reflect on how they will spend their money in order to be successful.

Activity 1 | Identify income and disposable income

Activity 1: Identify income and disposable income.

Aim: To distinguish between income and disposable income

Instruction:

a. Read each situation carefully. Write 'Income' or 'Disposable income'.

Situations	Income/Disposable Income
Ali earns Rs 12,000 every month from his job as a driver.	
After paying Rs 2,000 in tax, Ali has Rs 10,000 left to spend or save.	
Neha works part-time and receives Rs 5,000 from her boss.	
Neha uses Rs 4,000 (after tax) to buy books and clothes.	

b. In your own words, explain the difference between income and disposable income?

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.....

.....

Activity 2 | Calculate disposable income.

Activity 2: Calculate disposable income.

Aim: To check understanding of disposable income.

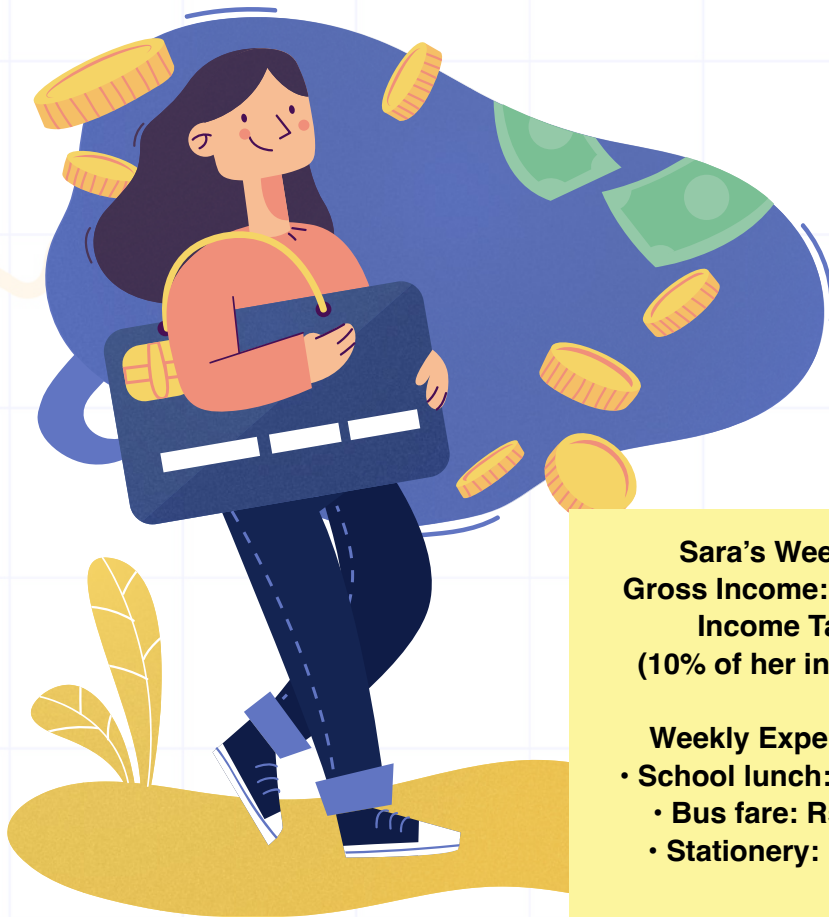
Activity 2 (a): Calculate the disposable income in the table below.

No.	Total Income (Rs)	Tax (Rs)	Disposable Income (Rs) (Total income-Tax)
1	5000	500	4500
2	6000	600	-----
3	7000	1000	-----
4	4800	300	-----

Activity 2 | Calculate disposable income.

Activity 2 (b):

Instructions: Help Sara calculate her disposable income and the amount of money she has left after paying for her weekly expenses.



**Sara's Weekly
Gross Income: Rs 500
Income Tax
(10% of her income)**

Weekly Expenses:
• School lunch: Rs 100
• Bus fare: Rs 150
• Stationery: Rs 50

- How much tax does Sara have to pay? Rs _____
- What is Sara's disposable income (income after tax)? Rs _____
- What is the total amount of her weekly expenses? Rs _____
- How much money does Sara have left after paying all her expenses?
(Hint: Use disposable income amount) Rs _____

Activity 3 | Understand how to plan a budget.

Activity 3: Understand how to plan a budget.

Aim: To help students identify the difference between amount saved and spent.

Instructions:

- Suppose you earn Rs 600 per week and you have to pay 5 % income tax on your earnings.
- First, calculate your disposable income (money left after tax).
- Then, use the table below to plan your weekly expenses.

Step 1: Calculate your disposable income.

- Gross Income: Rs 600
- Tax (5%): Rs _____
- Disposable Income (Income after Tax): Rs _____

Step 2: Plan your weekly budget.

Items	Amount (Rs)
Snacks	
Transport	
Savings	
Entertainment	
School Supplies	
Total	

a. How much disposable income do you have left after your total expenses?

Rs _____

b. Discuss in pairs:

- What would you do with your left-over money?
- Would you spend more, save more or change your budget?

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