TO EXPLORE THE PERSONAL FINANCE PLANNING OF SALARIED EMPLOYEES

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ABSTRACT

"If you don't know where you are going, no road will get you there".

Considering this view, it is clear that individual without a plan is likely to be ineffective. Planning is important in everyone's life. We are using the different applications of planning in our daily life knowingly or unknowingly. But how many of us are applying this planning in our financial matters, especially in connection with our expenses. The purpose of present study was to explore spending pattern, saving pattern and insurance policies of salaried employees. Google form was used for the purpose of data collection. The study exhibited that the salaried employees are woke up with the awareness of spending behavior. It also proved that majority of the respondents are well known for their saving pattern and insurance policies. It leads them to maintain the personal financial planning in a better manner.

KEYWORDS: *Personal Finance Planning*

INTRODUCTION

Planning is important in everyone's life. We are using the different applications of planning in our daily life knowingly or unknowingly. But how many of us are applying this planning in our financial matters, especially in connection with our expenses. Personal financial planning is the process of managing money to achieve personal economic satisfaction. Both financial and personal satisfaction is the result of an organized process that is commonly referred to as personal money management or personal financial planning" (Kapoor, Dlabay & Hughes, 2014) Financial Planning is process of formulating objectives, and guidelines regarding the financial activities of a concern. It assists in determining the capital requirement and ensures the optimal utilization of scarce financial resources in a best possible manner. It empowers an individual to frame suitable budgets that leads to track his finances and meet the ends (Shetty, S. V., & Thomas, J.B. 2015). Having a proposal for spending, saving, and investing money make a difference in how well money related necessities and objectives will be met (Surendar, V.V. G., & Sarma, S., 2018). The development of the Indian economy and the growth of financial markets post-industrial policy because of liberalization, privatisation and globalisation have ensued into tremendous growth of financial products as an investment alternative (Gupta, S., 2017). Regulatory bodies advanced the investor awareness programs across India, presently they have understood the significance of financial literacy education in schools' level (Surendar, V.V. G., & Sarma, S.2018). Financial literacy is about understanding of various aspects of financial areaincluding money and investment, managing personal finance (Shanti, S., & Murty, A.V.N. 2019). It facilitates individuals to make well-informed financial decisions (Krishna, M. U. V. et al., 2019). Further, it is the capability to employ knowledge and skills to handle financial resources effectively for a lifetime financial well-being (Surendar, V.V. G., & Sarma, S., 2018). Beginning stage involves deciding personal financial goals in a realistic manner to

set the plan (Huang, L.S. 2016). Unproductive investment decisions are taken due to lack of basic financial understanding (Krishna, M. U. V. et al., 2019). Hence, financial literacy is a path through which Individual can advance their insight related to various concepts in finance, financial markets and financial products and take appropriate decision to enhance their financial status (Shanti, S., & Murty, A.V.N., 2019). This paper aims to explore the saving behavior, spending pattern and insurance policies of salaried employees.

REVIEW OF LITERATURE

Kumar saroj, et al (2020), made a study on Personal financial planning with respect to person with disability: scale development. The study aimed to explore the underlying dimensions of personal financial planning for person with disability using empirical data and develop a scale to measure personal financial planning scale for person with disability. This study was confined to Lucknow district only. The Lucknow districts selected purposively for collecting responses. Total 240 responses were collected from respondents. This study contributed to existing body of knowledge by using confirmatory factor analysis, and proposed a four dimensional model of personal financial planning.

Krishna Vinod M.U, et al(2019), attempted to study the effect of Financial Literacy on Personal Financial Planning: a Study of Bengaluru *City*. The objective of the study were to understand about the dependency of financial literacy and financial planning on financial satisfaction of an individual, to understand the importance of financial literacy for the economic wellbeing of the nation and to evaluate impact of personal financial planning on financial satisfaction. The required data for the study has been provided by IndianMoney.com. From the study we can conclude that respondents below the taxable slab (between Rs.1, 00,000 to Rs.2, 50,000) lack the required financial literacy and in turn are unaware of financial planning (best practices) concepts.

Dr.Mishra Lokanath(2015), conducted a study on financial planning for educated young women in India. Survey method is used to *collect* data by using 3 questions. The sample size was 47.The study found that the the respondents were near unanimous in their view that finance education can empower women and making available appropriate finance education to them would be in the best interest of the society and the nation.

OJECTIVES OF THE STUDY

- To look into the spending behavior of salaried employees.

- To explore the saving pattern of salaried employees.

- To examine the insurance policies of salaried employees.

RESEARCH METHODOLOGY

Area of the Study: For any research study, to identify or decide the target population is one of the most important thing. Target population is defined as a specific group of people or objects for which the data can gather observations made to develop required data structure and information. Aluva in Ernakulam District is considered as an area for this study. Research area is selected randomly out of the cities in Ernakulam District.

Sampling and Sample Size: In the present study simple random sampling is used to select the sample for the study. Total sample size of 180 respondents is considered for the study.

Data Collection: The primary data for the study has been collected with the help of a well structured questionnaire. The questionnaire was made by using Google docs (www. docs.google.com). The form was circulated among students of various schools through social media and e-mail. This questionnaire was not based on any previous study and was developed from scratch. The required secondary data was collected from books, magazines, journals, reports, periodicals, and internet. Data analysis is done through google form too.

DATA ANALYSIS

Table 1: Demographic Factors

Gender	Number of Respondents (Frequency)	Percentage
Male	40	22.2%
Female	140	77.8%
Total	**180**	**100**
Age	**Number of Respondents (Frequency)**	**Percentage**
Between 25-35	80	44.4%
Between 35-45	11	6.1
Between 45-55	80	44.4%
Above 55	9	5.1
Total	**180**	**100**
Income	**Number of Respondents (Frequency)**	**Percentage**
Below Rs.25000	100	55.6%
Rs.25000-50000	40	22.2%
Rs.50000-75000	30	16.7%
Rs.75000-100000	10	5.5%
Total	**180**	**100%**

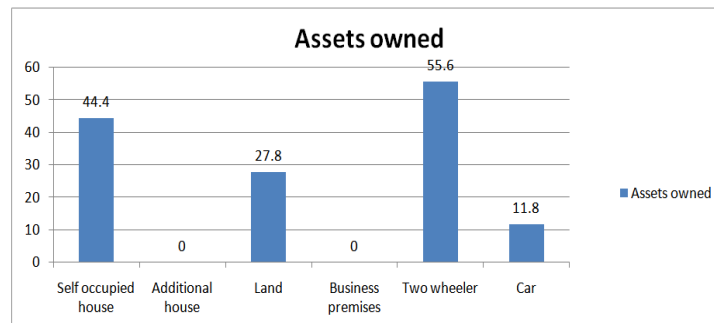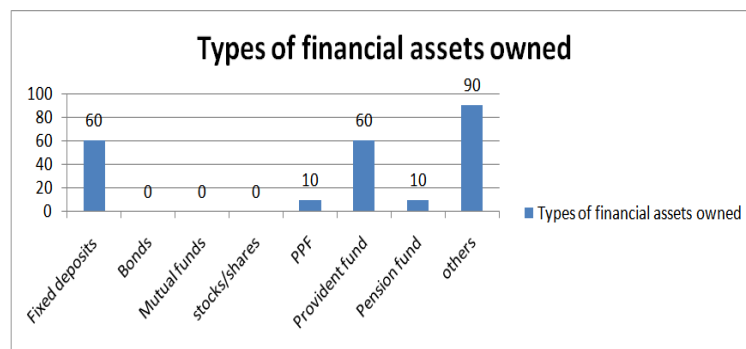**Source:** Primary Data

Table 2: Assets Owned by Respondents.

Source: Primary Data

Table 3: Types of Financial Assets Owned.

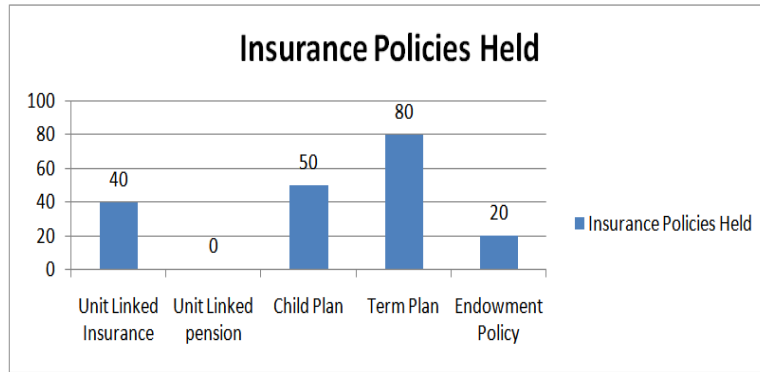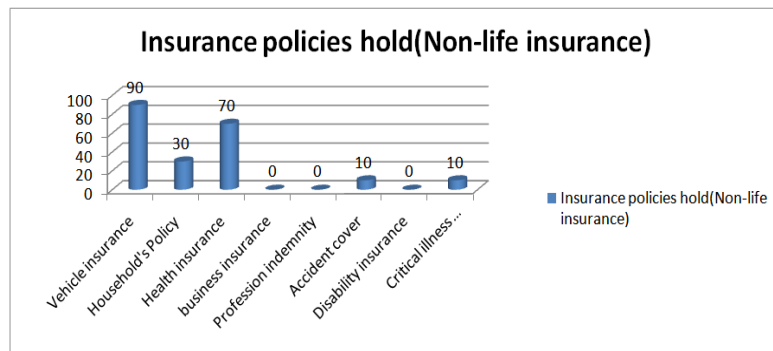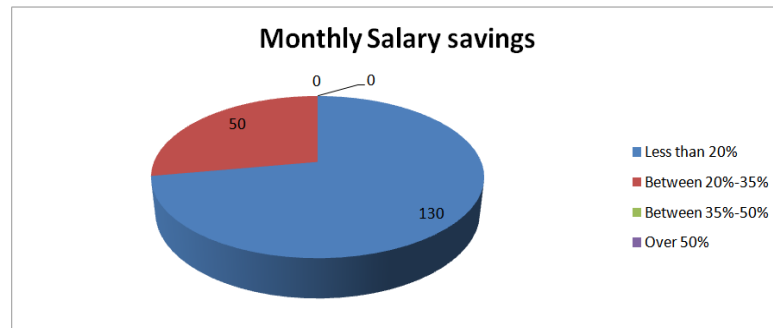**Insurance Policies Held**

Table 4. Insurance Policies Held.

Source: Primary Data

Table 5: Insurance Policies Held (Non-Life Insurance).

Source: Primary Data

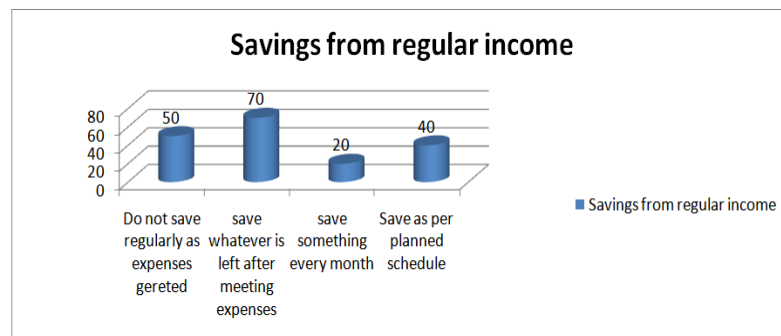**Table 6: Monthly Salary Savings.**

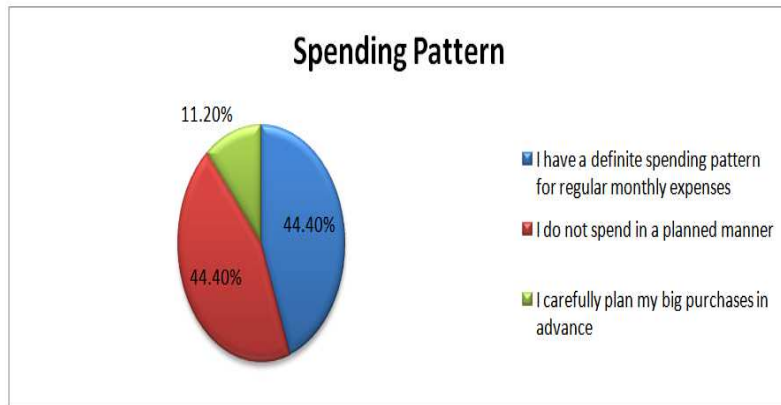**Table 7: Savings from Regular Income.**

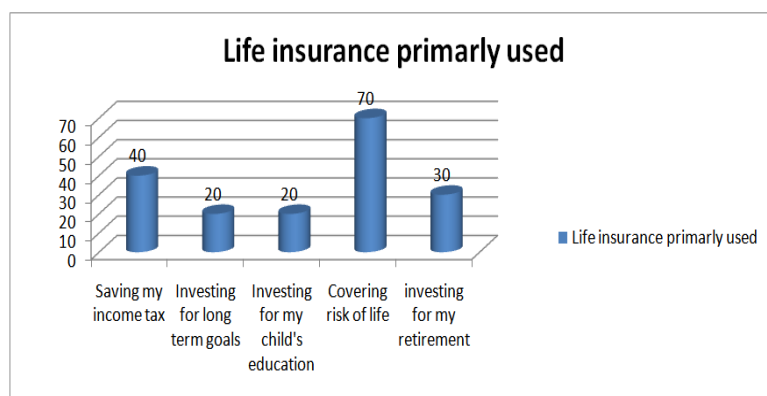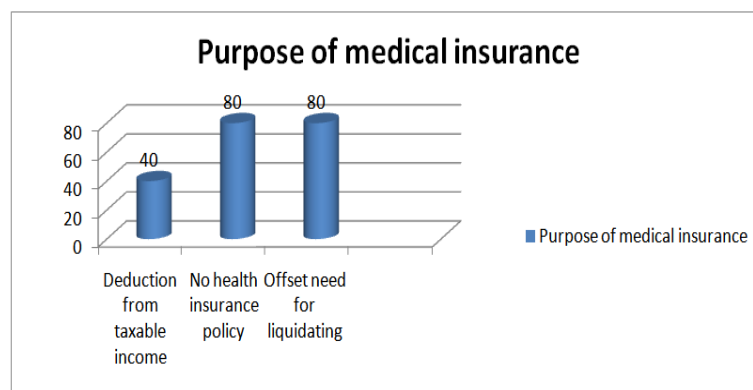**Table 8: Spending Pattern of Respondents.**

Table 9: Life Insurance Primarily Used.

Source: Primary Data

Table 10 Purpose of Medical Insurance.

FINDINGS

The study found that the majority of the respondents belong to females. The 44.4 % of respondents are working in private sector itself. 55.6 % of respondents earn below Rs 25000 monthly. Among respondents many hold more than one asset excluding financial assets. Majority of them don't have the financial assets. 80 respondents insured the term plan life insurance policy. 90 persons hold vehicle insurance which is higher than life insurance. If we compare life and non-life insurance policies, we could realize that respondents give more significance for non-life insurance policies.130 ie 72.2 % of the respondents save salary less than 20 %. The tendency of saving pattern depends on the balance amount after

expense.44.4 % of them have definite spending pattern.44.4 % do not spend in a planned manner. 50 % of them saved in durable items like TV, LCD etc. But 33.3% and 22.2 % of them invested in gold and ornaments, fixed deposit schemes repectively.11.1 % of respondents are paying 50 % of salary.70 of respondents take life policies to cover the risk of life.44.4 % of respondents does not have medical insurance. As a whole the most of the respondents do not have the proper personal finance planning. There is space for the financial planning programme among salaried employees.

CONCLUSIONS

The present study enriched our understanding of personal financial planning of salaried employees of Aluva in Ernakulam. Financial planning is an essential part of everyone's life, specially when certain goals need to be met and achieved. The present study throws light on the pattern of income allocation followed by individuals. It is found that a major portion of the income is spent on consumption needs, followed by savings. The income allocation is almost equal between investment and maintenance of emergency funds. The major part of insurance policies is for term plan and vehicle insurance. We can conclude that the major number of respondents do not have the well planned personal finance planning. Hence, we need to consider salaried employees in the case of finance planning and provide better measures to improve the same.

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