

A study on Awareness about Financial Planning among Individuals in Surat City

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Abstract- In last two to three decade India has undergone many socioeconomic changes. Increase in per capita income, changing social structure from joint family to nuclear ones and lack of robust social systems; ask for a change in management of personal finance of an individual. According to the latest survey and recent researches suggest that Indians are good at saving, but then they save only in traditional investment avenues with minimum risk. Awareness and preferences for new age investment avenues are too less amongst Indians. The study has tried to assess the financial literacy awareness and attitude towards personal financial planning of the residents of Surat. Descriptive research is conducted to study the respondent's awareness towards personal financial planning in the city of Surat. Primary data was collected with quota sampling technique. A 125 salaried employees from the city of Surat were selected as a sample for the study. Respondents are aware about all traditional investment avenues. Awareness related to traditional investment avenues like fixed deposit, saving bank account, equity share, government bond/ debenture, real estate, money market, gold, derivatives, mutual fund, public provident fund, national pension scheme, forex, other post office, non-conventional avenue is still very low among respondents.

Keywords:- Financial planning, Spending, Saving, Investment Avenue, financial literacy.

I. INTRODUCTION

Financial planning is a way to achieve one's desired goals in life through managing properly his finances. Goals may include having a house, buying a car, your family's exposure to unexpected events like death, illness or disability, getting an educational plan for your daughters or sons' higher education and even setting a retirement plan. Managing one's finances involve putting appropriate drives in place to protect one's family, thinking about saving money, spending money wisely.

Financial Planning is the process of meeting one's life goals through the proper management of personal finances. Proper Personal Financial Planning leads to Financial Satisfaction and Well-being.

As Every person, family, or household has a unique needs and Financial position their financial planning must also be carefully planned to meet specific Needs and goals. Personal Financial Planning is —The development and implementation of total coordinated plans for the achievement of one's overall financial objectives.

Other short-term goals may include funding vacations, purchasing a car and fulfil Debt (home loan, car loan), etc. For achievement of short term or long-term goals, proper Management of Personal Finance is essential. Financial planning is all about managing finances of an individual or a family. It means proper management of income, expenses, assets, liabilities, insurance, taxation and estate, so that one can successfully achieve all their desired

goals and enjoy financial well-being and hence financial satisfaction.

II. LITERATURE REVIEW

A plenty of available research papers have been reviewed on the subject of the study. A brief summary of some of the research papers reviewed is presented here.

A review of prior literature is an essential feature of any academic research. An effective review lays foundation for advanced research. It facilitates new theory development and uncovers the areas where research needed. In literature review included regarding financial planning in different – different countries or cities. In the literature review focus on financial planning, financial literacy, financial attitude towards individual person.

David Lee, Dhamayanthi Arumugan (2019), studied about factors influencing personal financial planning among young working adults in Malaysia. The aim of this study was to identify the factors stated that affecting the personal financial planning among the young working adult in Malaysia. The research design was descriptive research design. This study was implemented under quantitative method with primary data in order to generate the data. The survey method is simple random sampling and questionnaires. The findings of the study are relationship of financial planners and financial planning also similar with the prior researchers. That also found that the older the individuals.

A. R Shanmugam Priya, R. Krishna Raj, M. Chitra (2015), studied about the awareness of personal financial planning among pharma students. The aim of studied was to evaluate the knowledge of the pharmaceutical students with regard to financial planning. The research design was descriptive in nature. The survey method was random sampling method from the list of students attached to top fine colleges. The sample size is 100. The key finding of this studied that has been pharmaceutical students are much pessimistic about their saving and budget. Vere few pharmaceutical students are confident about managing their money.

David S. Murphy (2010), studied about personal financial planning attitudes towards a preliminary study of graduate students. The aim of the study was

to report on a survey about the personal financial planning of MBA students. The study surveyed 200 MBA students about their attitudes to personal financial planning. Participants were asked to indicate their level of confidence in financial plans capacity to help them meet their lone term needs.

The findings indicate that, while most respondents feel both that financial planning is Important and that they are interested in developing a financial plan, very few feels that they have the Necessary skills and knowledge to prepare their own plan.

Suresh G. And Dr. K. Kevan (2020), studied about National Centre for Financial Education–for a Financially Aware and Empowered India. The aim of the studied was to critically analyses the initiatives and key services provided by NCFE on Financial Education for the beneficial of the people entire country.

This present studied was descriptive in nature and based on the secondary data that have been Gathered through various articles, newspapers, reputed journals, National Centre for Financial Education, The Survey/Annual reports, the bulletin, booklets, pamphlets, fliers, worksheets, statements, Financial Literacy guides/posters.

The findings of the study Show gender effect and positive correlation between the actual school performance among the students During the academic year and the scores of Mathematical Competence Scale (MCS).

Selim AREN Sibel Dinç Aydemir (2014), studied about literature review on Financial literacy. The aim of the studied was to worked best in measuring financial literacy among individuals. This present study was descriptive in nature some basic and advanced financial questions are asked to targeted population and then responses are evaluated according to their accuracy.

When carefully examined, one point in these objective financial literacy tests attracts the attention. Surveys have an advantage over other studies since national surveys provided large samples for researchers, enabling them to make more generalizable inferences from their studies. Findings of this studied was the determinants of financial literacy is abounding.

In this frame, there was a Great body of literature describing the role of demographics such as gender, education, experience, income, etc.

III. RESEARCH METHODOLOGY

In this section researcher describe the methodology used in the research study. The main objective of the study is to study the awareness about personal financial planning among individual in Surat City.

A 125 salaried people from Surat city were contacted for collecting data thorough personal interview via questionnaire.

The data collected through questionnaire in the nature of dichotomous, Likert scale and multi-response form the respondents. The respondents are selected through non-probability judgmental sampling.

IV. DATA ANALYSIS

This study aimed to determine the level of financial awareness of salaried employee in Surat city. This study used the descriptive survey method. A researcher made questionnaire was used as the main instrument for data collection.

Interviews were also conducted to answer clarifications, verify the answer of the respondents, and to solicit additional information. The profile of respondents in terms of age majority are 35 years old and below. As to gender, it shows that 49.6% of the respondents are female and 60.4% of them are males. Most of the respondents are married with a percentage rating equivalent to 60%. Majority of the respondents are earning 7 lakhs and above every year with the percentage of 35.2% and are minimum wage earners.

The level of financial planning awareness in terms of investment and saving that majority of the employees very often invest money in the investment avenues. Most of the employees are aware about the saving account. Based on the result, the grand mean is 3.99, signifies that the level of financial planning awareness among individual is very familiar with saving account.

Findings shows that the level of financial planning awareness among individual derivatives , forex and

other post office schemes with the employees is not familiar. They do not prefer these investment avenues because they are not aware about this investment avenues.

Table 1. Level of Financial Planning awareness in terms of Investment.

Items	Weighted Mean	Verbal Description
I am familiar with Saving Account	3.992	Familiar,
I am familiar with Fixed Deposit Account	3.896	Familiar,
I am familiar with Equity Share	2.832	Hard to say,
I am familiar with Government Bonds / Debenture	2.208	Not familiar,
I am familiar with Real Estate	3.504	Familiar,
I am familiar with Money Market	2.128	Not familiar,
I am familiar with Gold	3.856	Familiar,
I am familiar with Derivatives	1.912	Not familiar,
I am familiar with Mutual fund	2.648	Hard to say,
I am familiar with Public Provident Fund	3.304	Hard to say,
I am familiar with National Pension Scheme	2.904	Hard to say,
I am familiar with Forex	1.992	Not familiar,
I am familiar with Other Post Office (NSC, MIS)	2.384	Not familiar,

It is being observed that awareness for products is high among the respondents. Highest awareness is being observed for Saving account, Gold, Real estate. Where as lowest awareness is being observed for Money market, Derivatives and Non- conventional avenues like Precious coins, the level of financial planning awareness in terms of investment and

saving the very lower mean is derivative and forex it is indicate that employees are not awareness about derivative, money market, forex and etc.

Table 2. Level of Financial Planning Awareness In terms of Savings.

Items	Weighted Mean	Verbal Description
Putting my excess money on my bank account.	2.2320	Always
Saving my excess money on a piggy bank	3.1280	Often
Lending my money with interest to those who need it.	3.2160	Often
Saving extra money for emergency.	2.0400	Always
Leaving my excess money on my wallet.	2.5200	Always too Often

Table 2 shows the level of financial planning of employees in Surat city. Saving money is not a priority to the employees because their income is not enough to support the needs of their household.

As seen in the table, saving excess money on a piggy bank is never an option for them because their income is just enough for their basic needs.

V. FINDINGS

Based on the analysis of gathered data, the following are the findings in the research study:

1. Profile of Respondents:

- As to age, most of the respondents are 35 years old and below
- As to their gender, majority of the respondents are male.
- As to their marital status, most of the respondents are married.
- As to income majority of the respondents, earn 10 lakh and below every year.
- As to number of household members, majority have 3-5 number in the family.

2. Level of Financial Planning Awareness:

- 77% of the respondents are aware about importance of financial planning, 18% of the respondents aren't aware about importance of financial planning and 5% of the respondents have failed to give correct answer for the same.
- 42% of the respondents are spend most money behind the Food, which is greater than other responses.
- 40% of respondents monthly miscellaneous expenses is between 5000-10000, Which is greater than other responses.
- 73% of the respondents are aware about the Saving account and 27% of the respondents are not aware about saving account.
- 10.4% of the respondents are aware about the Forex and 89.6% of the respondents are not aware about Forex.
- 23.2% of the respondents are aware about the NSC/MIS and 76.8% of the respondents are not aware about NSC/MIS.
- 11.2% of the respondents are aware about the Non-Conventional avenues and 88.8% of the respondents are not aware about Non-Conventional avenues.

VI. CONCLUSION

Strength of any economy depends upon the financial wellbeing of the residents of the country. past researches shows that financial well-being of an individual depends upon their financial behavior, which in turn depends upon attitude towards personal financial planning and the financial literacy of an individual.

Balanced personal financial plan also plays vital role for financial well-being of an individual. Many studies have been done in the area of financial literacy in Indian context but very few studies have been conducted on overall personal financial planning, especially in the city of Surat.

The present had focused on Financial planning and Attitude of the respondents towards Investment avenues. 125 salaried employees from city of Surat had been selected for the purpose of the study. Study revealed that respondents possess fair financial planning. This shows that respondents are quite informed and aware about financial terms, concepts and its working. Awareness related to traditional investment avenues like fixed deposit,

saving bank account, equity share, government bond/ debenture, real estate, money market, gold, derivatives, mutual fund, public provident fund, national pension scheme, forex, other post office, non-conventional avenue is still very low among respondents, so they are not able to reap advantages associated with these products.

Interesting findings of the research is: though awareness of all components of personal financial planning is not that high, attitude towards personal financial planning is positive among the respondent. Overall, the study has created a base for the future detailed research to be done in the field of personal finance.

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