

**Financial Plans with SMART Goals: A Study Among Individuals  
In Kochi**

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**In partial fulfilment of the requirement for the award of**

**DEGREE OF BACHELOR OF COMMERCE**

**Submitted by**

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**BHARATA MATA COLLEGE, THRIKKAKARA**

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**BONAFIDE CERTIFICATE**

This is to certify that this dissertation entitled “ Financial Plans with Smart Goals: A Study among Individuals in Kochi” is a record done by Ms. RACHEL MARKOSE ALUPARAMBIL(REG NO:200021077051) Ms. RIMNA RAFI( REG NO: 200021077054), Ms. RIYA SHAJU (REG NO:20021077055 ), in partial fulfilment of the requirement for the Degree of Bachelor of Commerce – Finance and Taxation under the guidance of Asst. Prof. PADMAJA P MENON, Department of B.Com Finance and taxation, the work has not been submitted for the award of any other degree or title of recognition earlier.

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## **DECLARATION**

We, RACHEL MARKOSE ALUPARAMBIL, RIMNA RAFI and RIYA SHAJU hereby declare that the project report titled “Financial Plans with SMART Goals: A Study among Individuals in Kochi” is a record of work done by us under the guidance and supervision of Asst. Prof. PADAMAJA P MENON. Department of Finance and Taxation, BHARATA MATA COLLEGE, THRIKKAKARA. We also declare that this report embodies the findings based on our study and observation and has not been submitted earlier for the award of any Degree or Diploma to any institute or university.

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Date:

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RIYA SHAJU

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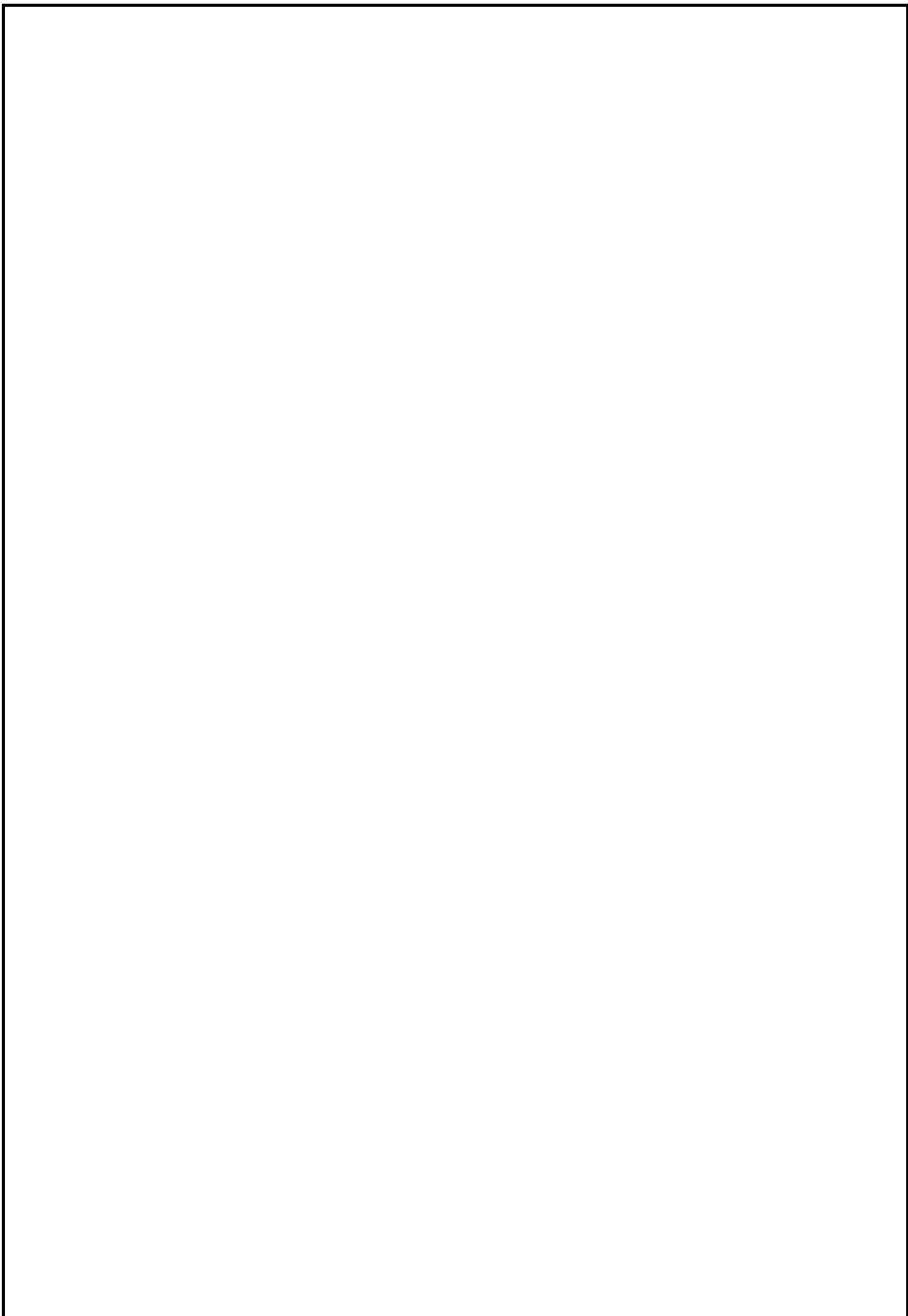
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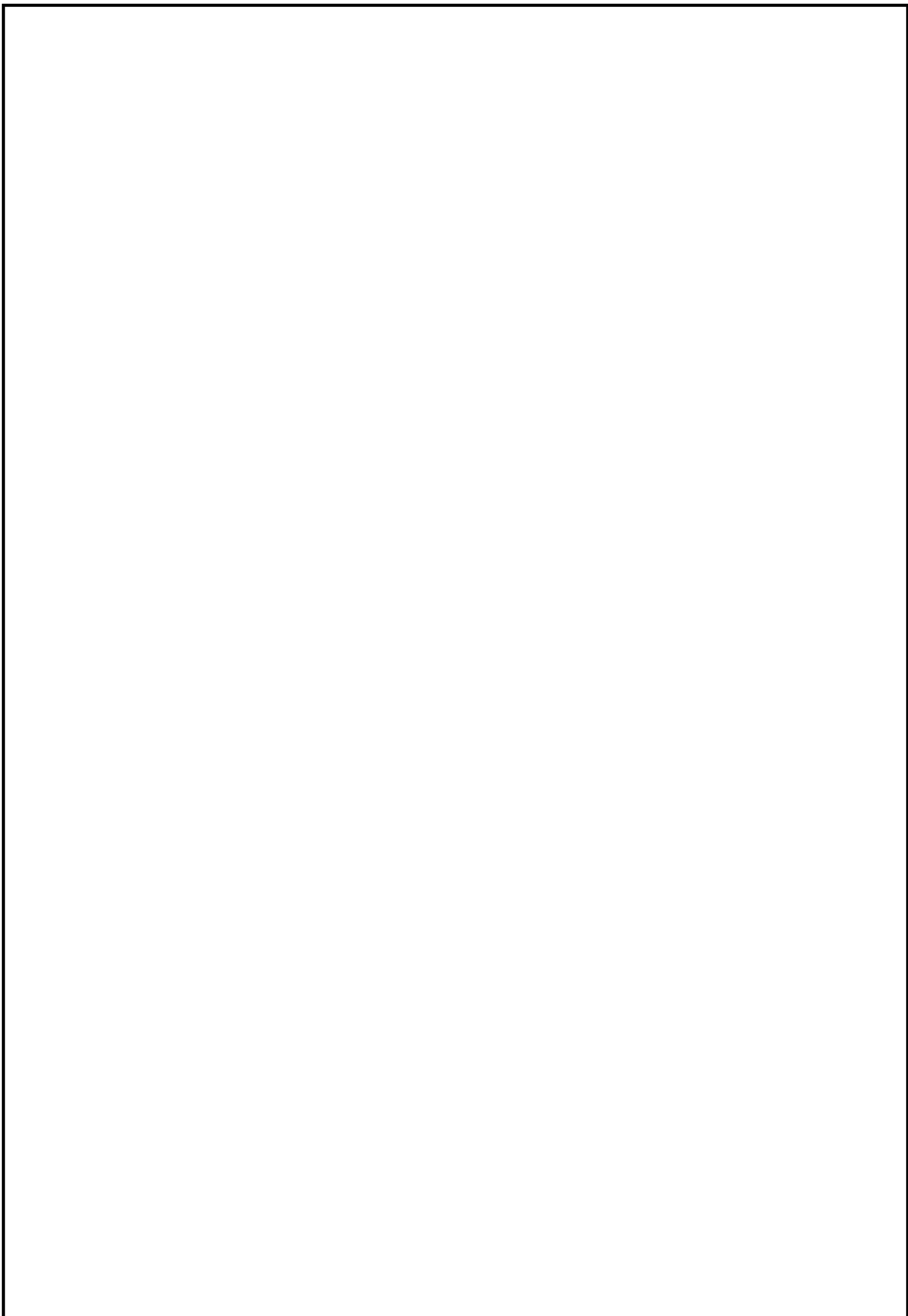


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## **CHAPTER:1**

### **INTRODUCTION**





## **INTRODUCTION**

Financial planning is the process of constructing a personal financial roadmap. It is a methodical

technique to achieving one's objectives. It enables a person to manage their money and achieve their

goals by allowing them to regulate their income, expenses, and investments. Financial planning inputs

include income, assets, and obligations, as well as goals, which include current and future financial

demands.

Financial planning is vital because it helps us achieve our long-term objectives. Every individual must

comprehend the importance of managing finances. When you are working, it is easy to control your

spending through your monthly salary; but, no one considers what will happen if they stop earning. The

answer is their previous savings and investments. It is necessary to distinguish between needs and

desires. One should meet their requirements while also focusing on efficient financial planning. Giving

more weight to their requirements and less weight to their wants allows people to conserve money and

control their overspending. A financial plan is always beneficial for those who want to ensure that they

handle their resources in the best way possible. Individuals should understand the significance of

financial planning in their lives.

Every person works hard to earn money in order to prepare for their family's future needs, but simply

saving is insufficient. Investing saved funds in proper and qualified investment options is critical to

guaranteeing one's financial future. Individuals have varying needs according to their income, expenses,

and risk tolerance. Stocks, equities, and debt are all investment options that can provide a variety of

needs such as accessible liquidity, consistent income, cash flow, and capital growth. A comprehensive

financial plan protects both short and long-term financial needs. It also aids in instilling the golden habit

of saving.

In recent times, Covid-19 taught us the importance of being financially stable and healthy. That time

showed the importance of financial plans and being financially secured. Now a days there are many

options available to the individuals to plan and invest a part of their income, for example SIPs, Mutual

funds, Recurring deposits etc.

## **STATEMENT OF PROBLEM**

Financial planning is a systematic strategy to achieving one's life objectives. This study aims to give

readers with information about financial planning among Kochi residents, allowing them to learn about

numerous ways to plan and invest their money.

## **OBJECTIVES**

- To analyse the individuals understanding about financial planning.
- To study different methods to invest and save money to achieve future goals.
- To collect information about how the individuals in Kochi plan their finances

## **RESEARCH METHODOLOGY**

The method of study is through primary and secondary data. The primary data is collected through questionnaire. Questionnaire was designed in order to collect the view of respondents in Kochi about financial planning. The secondary data is collected through articles and websites We used pie chart, bar graph and hypothesis (Chi square analysis) for the project. The sample size selected for the study is 35.

## **LIMITATION OF THE STUDY**

- As the future is uncertain, some changes or modifications may occur in future.
- Many individuals were not concerned about financial planning.
- As it reveals their income levels or financial status many refused to respond.
- The data obtained may not be accurate.
- It is a time-consuming process.



**CHAPTER:2**  
**LITERATURE REVIEW**

***Muthulakshmi and M. Jaisun (2022)***: The important aspect of individual financial planning behaviour i.e., the lack of motivation to engage in personal financial planning. This observation prompted the researcher's interest in studying the individual financial behaviour as personal financial planning is becoming increasingly important in academic world as well as in practical life. Financial awareness prepares an individual with the ability to understand, monitor, and use the financial resources effectively to enhance the well-being of one's own self and also the economic security of the family.

***Nidhi Modi, Dr. Vijay Gondaliya (2021)***: 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 research 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.

***Laith Yousef Banihani (2020)***: Financial planning is the process of assessing the financial goals of an individual, its taking money that he is owing, determine life goals, and then take necessary steps in order to achieve goals in the determining . Financial planning is not about investments. It is you agree to manage your finances to relate to them to your goals and what you want to achieve. Since 2012 Financial planning is increasing day By day. By a proper financial planning, a person can have a comfortable and secure economic life.

***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 that are 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.

***Nivriti Chowdhry and Utpal. M. Dholakia (2019)***: We consider the relationship between an individual's financial self-awareness, defined as detailed knowledge about one's current financial assets, liabilities, and spending patterns, and financial outcomes. The results of three studies show that a higher level of financial self-awareness is associated with positive financial decisions and satisfaction among individuals. This effect is mediated by perceived efficacy about handling personal finances. We also find that financial literacy strengthens the association between financial self-awareness and investing and saving but does not affect the association between financial self-awareness and either financial satisfaction or spending decisions. Increasing the financial self-awareness of clients offers a useful method for financial advisors and policy makers to encourage prudent financial decisions.

***Brealey et al. (2019)***: Financial planning is necessary, as financing and investment decisions must interact with other areas of the company and should not be treated in isolation, helping managers and financial managers to act in advance in the face of uncertainties, avoiding negative surprises in the company's cash flow and balance sheet. In this sense, we believe that financial planning in the current world scenario is necessary not only for large corporations,



but is crucial for SMEs, since we understand that they are more susceptible to economic changes and market fluctuations than other companies.

**Fatemeh Kimiyaghalam (2016):** In today's highly complex and volatile financial market the importance of financial advice in decision making is difficult to rebut. People may seek for this type of help through close networks (like family or friends) or professional advise. This paper reviews and summarizes the studies about financial help seeking behaviour. The findings suggest that factors like demographic profile, socioeconomic features, and psychosocial characteristics are most likely to influence financial help- seeking behaviour. To analyse the process of this behaviour, we apply the theory of planned behaviour and develop the conceptual framework. The direction of future studies is presented with a particular highlighting one outcome of exist. Financial planning is the process of determining how to best achieve one's life objective through managing financial resources. War Schauer (2002) in his paper suggests a more comprehensive definition of financial planning.

**A.R. Shanmugam Priya, R. Krishna raj and M. Chitra (2015):** An Individual's proper personal financial planning adds value to the growth and safety of an economy. But majority of the individual thinks of their financial goals and plans only after attaining the age of 30 wherein their target objectives require high investment. Inculcating the importance of Personal financial planning among the pharmaceutical students as they are in their earlier age is the need of the hour. This study deals with the financial planning of pharmaceutical college students and it gives a portrait of Student's behaviours and inclination towards their financial planning. This study examines how students view the significance of saving, effective spending, and budgeting; it also examines the opinion on how well their tasks are executed. This study helps to understand the future economic and financial health of our country through the mirrors of students who are tomorrow's potential consumers.

**Agarwal et al. (2015):** Agarwal et al. examine the relationship between financial planning & individual investment over the period of 2015. He also uses multivariate analysis to find his result. He finds in his study that the probability of getting true answers regarding the financial literacy is high-level for male respondents than female, and it increases with education level and the aggressiveness of the individual.

**Ramakrishnan (2012):** Ramakrishnan examines the relationship between financial planning & individual investment over the period of 2012. He also uses multivariate analysis to find his result. He concludes that the financial education is essential not only for individuals but also for companies and the economy. Authorized consumers make better choices for their individual well-being, which in turn will increase overall welfare.

**Lalit Mohan Kathuria & Kanika Singhania (2012) :** concluded that private sector banking employees were investing a larger portion of their savings into safe and risk-free investment avenues, like employee provident fund, public provident fund, and life insurance policy and only forty per cent of the respondents had high level of awareness regarding various investment avenues.

**Pravin Mahmuni (2011):** Has done study on Personal Financial Planning for IT sector in Pune, India. Objectives of the research were to study interest of investors towards financial planning and to study preference of financial products on magnitude of age. 150 Samples were collected from IT sector in Pune using convenience sampling method. Study finds that awareness of financial products amongst sample is good, but investors are not much aware about non-

conventional investment avenues. Inclination of people is towards saving rather than investing. One very interesting found by researcher is that respondents are confused about tax planning and financial planning. Main focus of investors is of tax planning and not overall personal financial planning. From study it is also found that there is positive relation with age and investment in FD and negative relation with age and investment in stock market.

**David S. Murphy, Scott: Yetmar, (2010):** “Personal financial planning attitudes: a preliminary study of graduate students”, the purpose of this paper to report the Personal Financial Planning attitudes of MBA students in USA. Participants are asked about the level of their knowledge, their preparation regarding components of financial plan, their confidence in their plan to meet their long-term needs, and their likelihood for implementation of such plan.

**Williams Amy (2008) :** He explained the importance of financial planning and literacy in college students. Study found that mistakes done by majority of the students who graduate lack in financial knowledge; they delay repayment of student loans, accumulation of unnecessary debt, high credit card debts and their failure to save. Other objective was to outline the essential of financial planning for college graduates. Study has thrown light to various concepts like principle of investing, power of compounding, investment avenues like equity, bonds, Mutual Funds, ETFs, Concept of diversification, Retirement planning, Real Estate. This study serves as a theoretical background for further studies.

**Campbell (2006):** Campbell examine the relationship between individual financial management & individual investment in over the period 2006 and supply an overview of some of the major issues in a household or individual financial management. He also uses multivariate analysis to find his result. He finds that one of the centric questions is the connection between time and the behaviour of investment. Whereas little work has done on the determinants of the investing horizons, there was a great analysis of the extent rational; forward-looking investors should behave. For example, traditional investment advice suggests that asset allocation should shift away from stocks and towards bonds as an investor gets older.

**Tachino (2004):** Tacchino examine the relationship between individual and financial planning& individual investment in additional too how financial Planner is the plan in over the period 2004. He also uses multivariate analysis to find his result. He finds that like demography of ageing, the biology of ageing, family relationships, and social support does not seem to be a concern for financial planners. It is becoming obvious that interdisciplinary learning is essential for expert service. The next phase in the discipline of retirement planning, estate, and investment planning is a comprehensive understanding of the social sciences as they are due to senior living and older Americans.

**Qamar (2003):** Study attempted to examine the investment preferences of households that are able to save and to identify the factors influencing saving behaviour and investment preferences of investors. The results of the study showed that there is a high propensity to save moderate to high proportion of the income. The level of literacy, educational achievement, occupational distribution and income profile of the respondents largely determine the saving and investment pattern.

**Kar Pratip, Natrajan & J P Singh (2000):** concluded that the household’s investment in shares, debentures and mutual funds was below 10% and the equity investor household’s portfolio was of relatively small value and undiversified. It was also found that one set of households, in spite of their lower income and lower penetration level of consumer durables,

were in the securities market, while another set of households with higher income and higher penetration level of consumer durables did not have investment in securities market.

**CHAPTER:3**  
**THEORETICAL FRAMEWORK**

## **FINANCIAL PLANNING**

Financial planning is a systematic approach to accomplishing one's life goals. Budgeting your costs,

investing in the proper assets, setting wise goals, choosing the right asset allocation, creating a retirement plan, and other activities are all part of financial planning.

## **IMPORTANCE OF FINANCIAL PLANNING**

Individual ambitions or dreams are guided by financial planning. It helps kids comprehend their goals,

why they need to reach them, and how it affects their lives. It aids in the management of inflation by

making people aware of the pricing and allowing them to arrange their budget accordingly. Financial

planning teaches people money management skills, prevents them from overspending, and encourages

them to save more. One plans the future by organizing their finances. Savings informs one of their

financial capacity to fulfill goals or face unexpected situations. A better level of life and peace of mind

can be obtained via smart financial planning.

## **HOW TO CREATE A FINANCIAL PLAN**

Financial planning is a method of organizing financial problems and goals by creating a strategy to attain

them. To establish a successful roadmap for the future, one must plan their finances, and the 11 steps to

creating a strong financial plan are as follows:

### **1. Evaluate where you stand**

The first step is to assess where you are so that you know where to begin. One should assess their

financial position to see where they stand. They should determine their net worth in order to determine

their financial situation. To do so, remove the obligations from the assets. (what you owe – what you

own). This is how net worth is calculated using assets and liabilities. . Another technique to assess is to

analyze cash flow, or how much you spend vs how much you receive. One can now analyze their net

worth and financial situation in order to make financial goals.

2. Create SMART financial objectives.

Financial objectives must be explicit, quantifiable, attainable, relevant, and time-bound. Setting financial

goals allows you to save money and plan for the future. SMART goals assist you in breaking down a more

comprehensive financial planning process into practical steps.

In SMART Goals,

S stands for Specific (Plan should be concrete and detailed)

M stand for Measurable (Create a system to measure progress)

A stand for Achievable (Plan should be realistic)

R stands for Relevant (Plan for relevant goals)

T stands for Time bound (Be specific on time)

3. Revise your budget

Creating a budget aids in the development of a financial strategy and the achievement of long-term

objectives. Senator Elizabeth promoted the 50/30/20 rule for budgeting. This rule divides after-tax

income into three categories. They are as follows:

Wants (30%)

Essentials (50%)

Savings of 20%

It is a straightforward method of achieving financial objectives. Rent, groceries, an emergency fund, and

other necessities must be prioritized over other wants.

4. Put money aside for an emergency.

To account for terrible times, one should save money during good times. Depending on income and

expenses, one should set aside a portion of one's earnings for emergency reserves.

5. Pay off your debts.

Paying off debt on a monthly and consistent basis instills financial discipline in one's life. Skipping debt

repayments for even one or two months can have an impact on a person's financial plan, so it's critical

to set a realistic budget that a person can keep to. It is difficult to invest your profits, but it will benefit

you in the long run.

#### 6. Plan your investments

Investing may appear difficult at first, but if one learns the principles of investing, it will be simple, and if

one realizes the importance of investing, they will strive to preserve it throughout their lives. To begin

investing, determine the first amount you want to deposit and progressively raise it.

#### 7. Make plans for retirement

When one is young, they should begin saving for their retirement age. In general, the more you contribute to your retirement fund, the more you should contribute.

#### 8. Make tax preparations

Tax burdens can be lowered if they are planned properly. When preparing for taxes, it is critical to

explore how to lower taxable income and how to itemize deductions.

#### 9. Review your plans on a frequent basis.

Creating a financial plan is not a one-time event; goals change, and the plan must be adjusted accordingly. Maintaining a current financial plan ensures that people maintain themselves accountable

to their goals.

### **WHAT CAN MAKE OR BREAK YOUR FINANCIAL GOALS ?**

#### 1. Be a procrastinator.

Pay attention to the time-worth of money when planning for your financial goals, and assess the value

of your financial goal wisely. Keep in mind that inflation eats away at the purchasing power of your hardearned money. As a result, the earlier you plan, the better.

#### 2. Failure to establish S.M.A.R.T. financial goals

Setting financial objectives is essential if you want to live your dream. When you set a financial goal,

divide it into three categories: short-term (less than three years), medium-term (3 to 5 years), and longterm. (over 5 years). Throughout the goal-setting process, make sure your financial goals are:

✓ Specific

✓ Measurable

✓ Adjustable

✓ Realistic

✓ Time-bound

### 3. Failure to develop a financial strategy when goals have been established

Because they lack a financial plan - a road map to achieving the desired financial goal.

If you begin working on Even after setting financial objectives, most people fail and struggle to achieve

Jo them. Simply put, your financial goals are attainable with a wisely built up financial plan in place. with

a well-planned financial strategy in place, your objectives

### 4. Struggle to rein down excessive expenditures

It is tough to stick to a budget when you are an impulsive spender or a shopaholic. It results in excessive

spending of money, which we find difficult to regulate. If you use your money properly by engaging in a

realistic budgeting exercise, you can save a lot of money. This can then be applied to productive asset

classes. So, stick to your financial plan, maintain evaluating it on a regular basis, control/change your

excessive spending habits, and invest your savings for your financial well-being.

### 5. Content in your own company

If you know what you want and have a timetable for getting it, taking a controlled risk can help you



generate strong returns and meet your financial goals. When it comes to long-term financial goals that

are more than five years away, there's no use in staying in your comfort zone and investing in tax inefficient bank Fixed Deposit FDA

. 6.Impatience

It can be aggravating not to see results in a timely manner. If you've invested in a specific asset class,

don't become dissatisfied and fall victim to quick-rich scams if you don't see your money expanding

quickly. There's no need to be concerned if you've invested in the correct investment avenues in line

with your financial plan. Remember that financial planning to achieve financial objectives is a journey,

and investing is a marathon, not a sprint.

Finally, take charge of your personal finances and strive toward reaching your financial objectives. The

key to your financial success is to begin financial planning as soon as possible.

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## **WHY DO YOU NEED TO HAVE A FINANCIAL PLAN?**



Source: [finplanyadanya.in](http://finplanyadanya.in)

One of the primary reasons we fail to guarantee our financial future is that we are unaware of the steps

that need be taken. We do what we believe is right, yet this may not always be adequate. As a result, it

is critical to understand the major components on which you should focus when developing a financial

road map.

We shall discuss many facets of personal finance in this blog to give you a sense of how your overall

financial picture should appear. Before getting more into the subject, it is important to note that there

are five contours to one's overall financial picture. They are saving, investing, financial security, tax

planning, and retirement planning.

## **COMPLETE FINANCIAL PICTURE ASPECTS**

• Savings: You should save money to address any unexpected financial needs. • Investing: Investing

allows you to increase your money and attain your goals.

• Financial protection: Now, financial protection through insurance assures that you and your family

can get through difficult times.

• Tax planning: With good tax planning, i.e. making suitable expenditure/investment, you can reduce

your taxable income and save a significant amount of money each year.

• Retirement preparation: Finally, retirement planning is critical to ensuring that you have a large bank

balance set up purely for your needs in your golden years.

### 1. Financial savings

The need for quick cash can arise at any time. It might be anything as insignificant as a car breakdown

or something as serious as losing your job. Such emergency circumstances, however, can be dealt with if

we have sufficient savings to satisfy the demand. As a general rule, your emergency fund should be

three to six months' worth of costs.

Debt products such as Liquid Funds are excellent solutions for storing money set aside for emergencies.

And here are three arguments to back that up:

• First, even though there is no guaranteed return, liquid funds provide somewhat greater returns than savings accounts. • Second, because these funds are highly liquid, you can withdraw the money within seven days.

• Third, they have low credit and interest risk, so your money is secure.

### 2. Investment

We frequently mix up investing with saving, or perceive them to be synonymous. While saving is the act

of putting money away, investing is the act of putting money/purchasing assets such as stock, bonds,

mutual funds, and so on in order to make your money increase.

When it comes to investing, mutual funds are a wonderful choice if done correctly. However, while

investing in mutual funds, it is critical to choose the correct fund for your investment; otherwise, it may

be counterproductive. As a result, it is critical that you make your investment based on your financial

requirements and time horizon.

So the general guideline is to convert your dreams into financial goals and set them a timetable for it.

Then select a mutual fund that corresponds to your investment time frame.

What funds should one choose based on their financial objectives:

a. Short term goals: These are goals that must be completed within three years. There are numerous

things that need to be saved for within that period of time, ranging from a trip to a phone.

Liquid Funds are the best investing option.

b. Midterm objectives: If you establish a goal for yourself that must be completed within three to five

years, such as a down payment on a house, these are considered midterm goals. ELSS, Short Term Debt

Funds such as Banking and PSU Debt Funds are the best investing options.

c. Long term goals: Long term goals are defined as milestone events such as retirement, children's

schooling, and marriage, i.e., goals with a timeline of at least 5 years.

3. Financial security

We may weave numerous dreams into our lives and devise investing strategies to make those goals a

reality. However, unless we safeguard them with a safety net, the same might become a burden.

Insurance is the safety net.

We all require four types of insurance. And they are as follows:

a. Term life insurance: It is a type of life insurance that ensures your family or dependents will not face

financial hardship if you die prematurely. In comparison to other

In comparison to health insurance products, the sum assured for term insurance is higher.

Now, if you

calculate it correctly, you can account for day-to-day fluctuations. our family's day-to-day expenses, a

retirement corpus for your spouse, and coverage for your liabilities such as a home loan and your

children's education are all included in the sum assured.

b. Medical and critical illness insurance: Having health insurance guarantees that

You are not required to pay out of your own pocket if you or any of your family members become ill.

Health insurance covers all costs associated with the insured's treatment, such as hospitalisation,

medication, pre and post-hospitalization expenses, and so on. Meanwhile, you can add critical insurance

to your basic health insurance policy. The insurance company will pay you the sum assured if you are

diagnosed with one of the critical illnesses listed in your policy.

c. Health insurance: A health insurance plan is designed to pay for increasing medical expenses. By

paying for these expenses, the plan protects your finances from being drained in the event of a medical

emergency. The first step in securing your retirement is old age planning.

When you save money to purchase a health insurance policy, that is life.

d) Insurance for personal accidents: If you are in an accident and suffer a significant injury, a partial or

complete injury, the insurance provider will pay the agreed-upon amount to cover your medical costs as

well as any lost wages. In the meantime, your family will receive the lump sum payment if you pass away

in the accident. However, the amount that must be paid depends on whether anyone was killed in the

accident.

e. Retirement policy insurance is a sort of insurance that helps you plan for the future so that you can

continue to pursue all of your objectives and aspirations on your own. Setting your retirement goals,

calculating how much money you'll require, and investing in order to increase your retirement fund.

Savings on taxes

Even if we must pay taxes based on tax slabs, we can somewhat lower our taxable income with the

correct investments and purchases. In reality, there are up to 70 different exclusions and deductions

that we might use to reduce our taxable income.

The two most used sections for tax deductions are listed below:

a. Section 80C is the largest category for tax deductions. You may deduct up to Rs 1.5 lakh under this

clause for a variety of investments and expenses. EPF, PPF, NSC, and other well-known tax-saving

mechanisms fall under this category. NPS, ULIPs, a child's tuition cost, a life insurance premium, an ELSS,

a 5-year tax-saving FD, a Senior Citizen tax-saving instrument, and the principal balance of a home loan

are examples.

b. Section 80D: You can also deduct the premium you pay for a health insurance coverage for you and

your family under Section 80D. There are additional ways to lower your taxable income in addition to

these two; to learn more, see Beyond Section 80 C: 10 Ways to Save Taxes.

### 5.Plans for Retirement

One of the most important life stages is retirement, and depending on how you have prepared for it, it

can be either joyous or terrible. It also applies to financial planning. There are two steps involved in

retirement financial planning. Retirement savings come first, followed by retirement income generation

from assets.

## **PROS OF FINANACIAL PLANNING**

Financial planning benefits include:

### 1. Increasing your savings

Increasing savings also makes people feel better mentally. People can cut costs.

Regardless of whether they have a financial plan, but if they do, they will have a better understanding of

their income and expenses. One can boost their savings by setting aside a portion of their income, which

will enable them to meet their future demands and goals in terms of money.

### 2. Aids in goal-setting

A financial plan serves as a road map for achieving one's unique objectives. So, having a better and

sound financial strategy aids people in setting and achieving their long-term objectives. Establishing

relevant, clear goals is one of the most crucial elements of financial planning

### 3. Enjoy Better standard of Living

With a better financial planning one can live their dream life or individuals doesn't need to compromise

their standard of living. It is possible to achieve your goals while living in relative comfort.

### 4. Great source of motivation and commitment

Being financially stable and secured gives a sense of good motivation and commitment. Another benefit

of preparing a financial plan is that you enjoy good mental health. Because it was proven in a survey that

showed over 80 percent of people felt better just after one year from the date of writing their financial

needs people are willing to improve their mental health status by reducing tension about financial need.

### 5. Be ready in case of emergency

An essential component of financial planning is setting up an emergency fund. Thus they won't have to

be concerned about finding money in the event of a family emergency or job loss. In this situation you

can pay a range of expenses on time with the aid of money.

### 6. Protects you from future uncertainty.

Financial planning offers a variety of investment possibilities, but it's always vital to preserve some cash

in savings and fixed accounts, buy bonds from reputable organisations, or invest in gold.





## **CHAPTER:4**

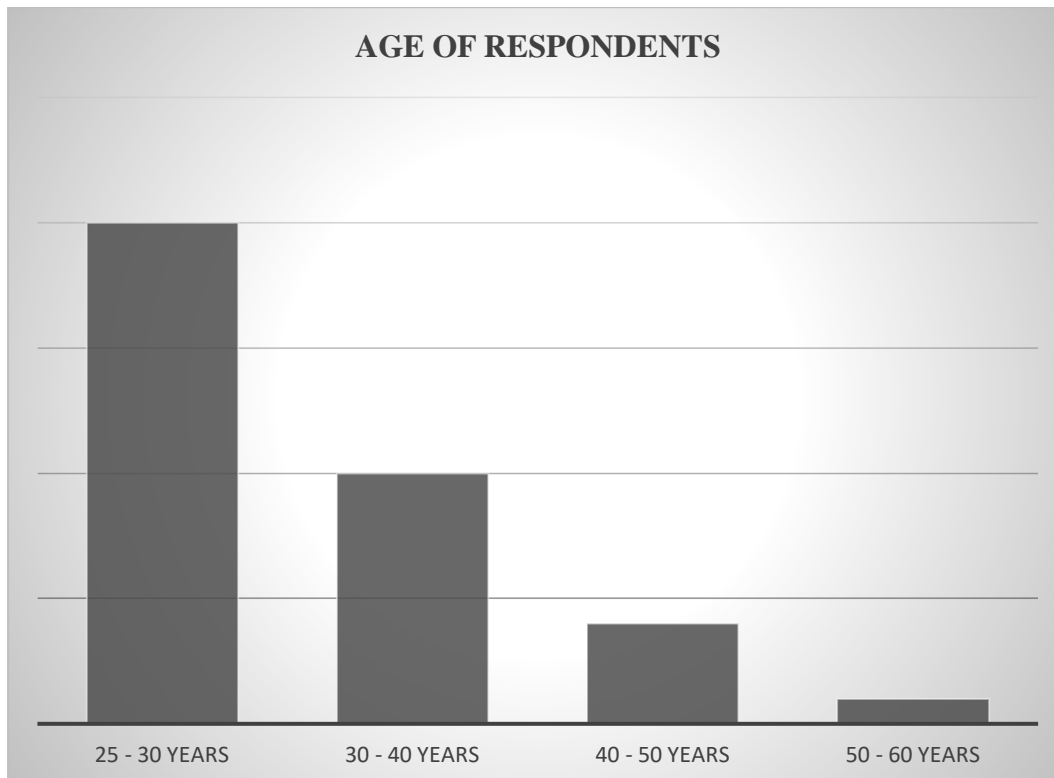
### **DATA ANALYSIS AND INTERPRETATION**

TABLE 1

1. Age of respondents

<b>AGE</b>	<b>NO OF RESPONDENTS</b>	<b>PERCENTAGE</b>
25 - 30 years	20	57
30 - 40 years	10	29
40 - 50 years	4	11
50 - 60 years	1	3

CHART 1



### INTERPRETATION

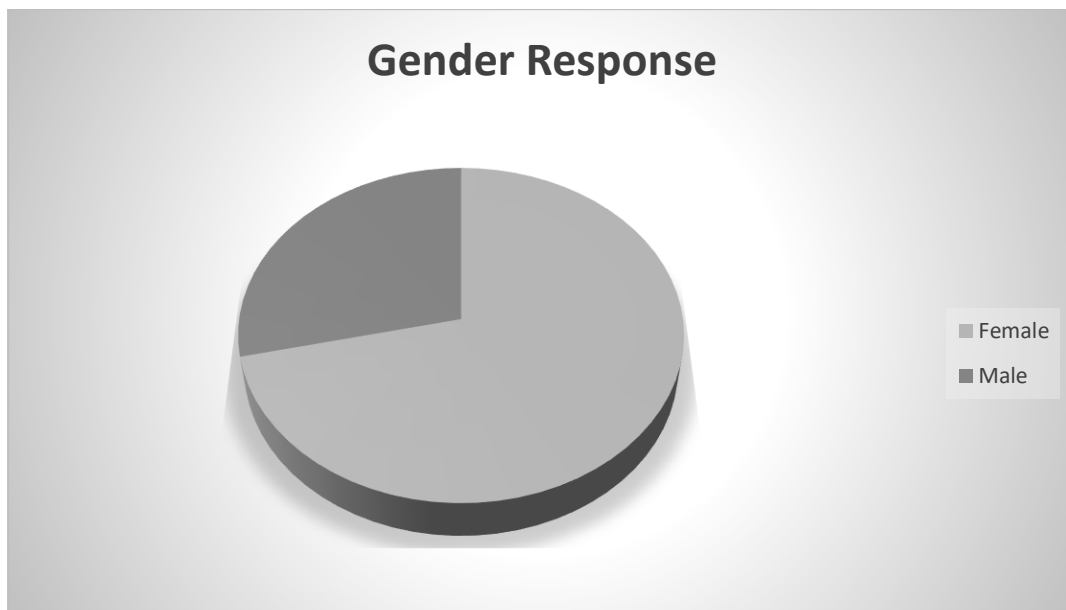
From the above graph shows that 57% respondents are of 25-30 years. It shows that Financial Planning is more likely to be known among the Modern Era.

TABLE2

### 2. Gender of respondents

GENDER	NO OF RESPONDENTS	PERCENTAGE
Female	25	71
Male	10	29

CHART 2



#### **INTERPRETATION**

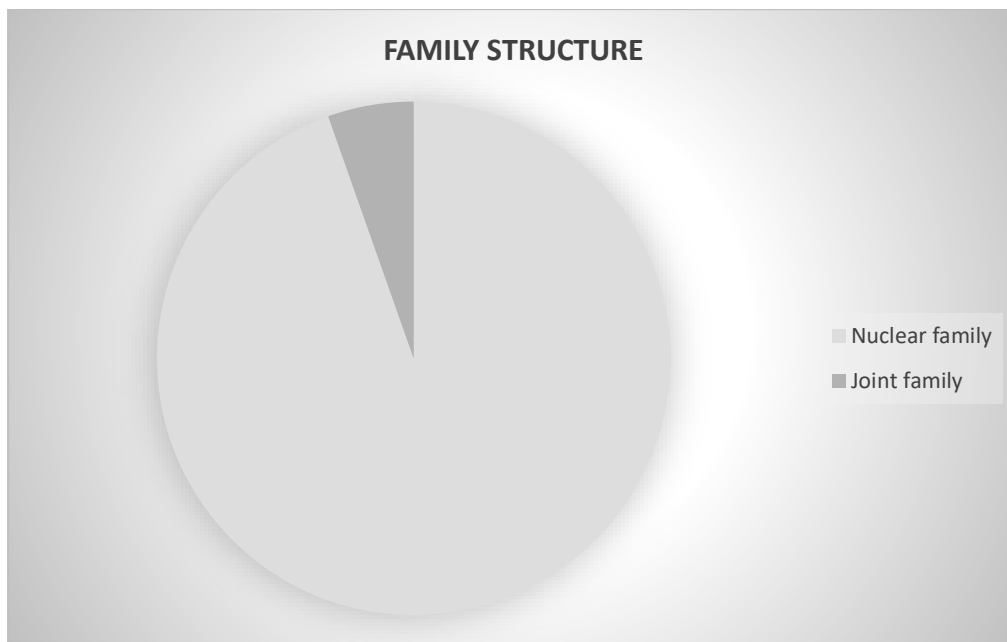
From the above graph shows that 71% are Female Respondents and 29% are Male Respondents. This shows that Female Respondents are more than Male Respondents.

**TABLE 3**

#### 3. Family structure

<b>FAMILY STRUCTURE</b>	<b>NO OF RESPONDENTS</b>	<b>PERCENTAGE</b>
Nuclear family	35	95
Joint family	2	5

**CHART 3**



### INTERPRETATION

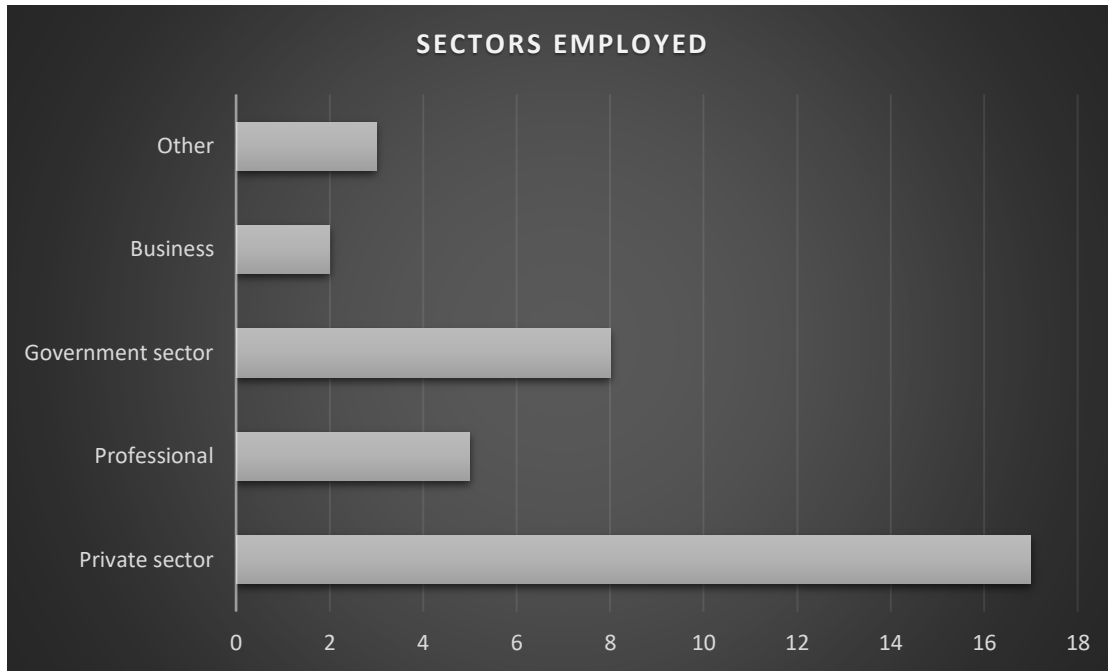
The above graph shows that 95% of respondents are from Nuclear Family and the remaining 5% of respondents are from Joint Family.

TABLE4

4. In which sector respondents are employed

SECTOR	NO OF RESPONDENTS	PERCENTAGE
Private sector	17	48
Professional	5	14
Government sector	8	23
Business	2	6
Other	3	9

CHART 4



**INTERPRETATION**

The above pie Graph shows that 48% respondents are from Private Sector. 23% respondents are from Government Sector. 14% respondents work as Professionals.

TABLE 5

5. For how many years you are in this profession

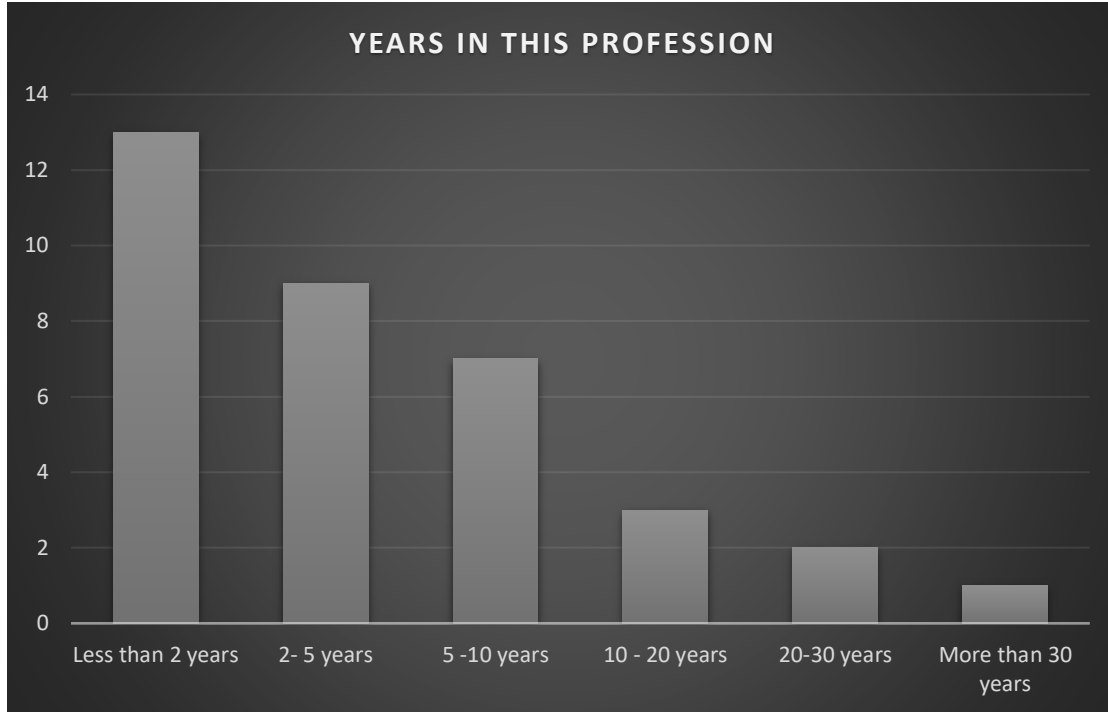
<b>YEARS IN THIS PROFESSION</b>	<b>NO OF RESPONDENTS</b>	<b>PERCENTAGE</b>
Less than 2 years	13	37
2- 5 years	9	26
5 -10 years	7	20
10 - 20 years	3	8
20-30 years	2	6

More than 30 years

1

3

CHART 5



### INTERPRETATION

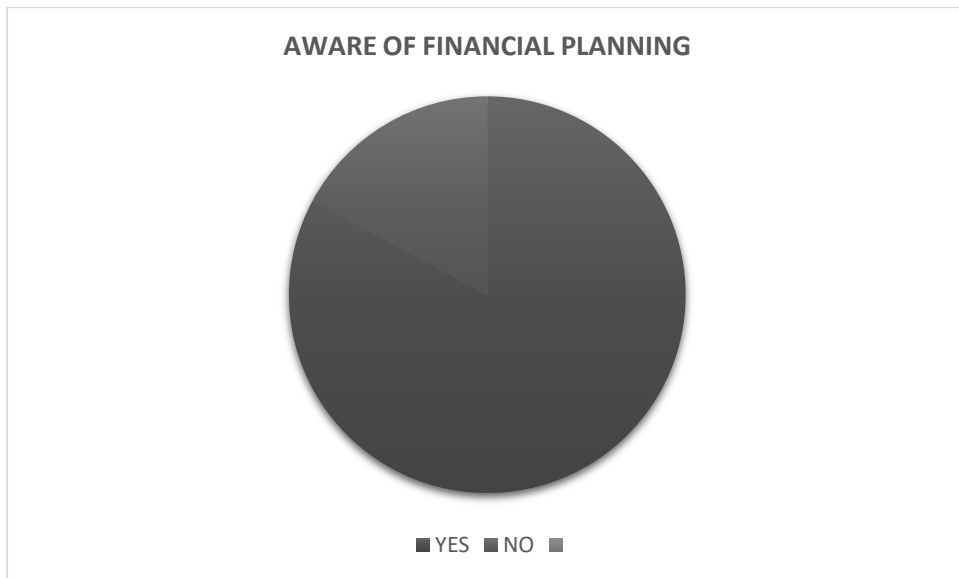
The Graph shows that 37% of respondents are working for less than 2 years. 26% respondents are working for 2 to 5 years. 20% of respondents are working for 5 to 10 years.

TABLE 6

### 6. Are you Aware of Financial Planning

PARTICULARS	NO OF RESPONDENTS	PERCENTAGE
YES	29	83
NO	6	17

CHART 6



### **INTERPRETATION**

From the above pie chart, it shows that 83% of respondents is aware about Financial Planning and only 17% of respondents are unaware about Financial Planning.

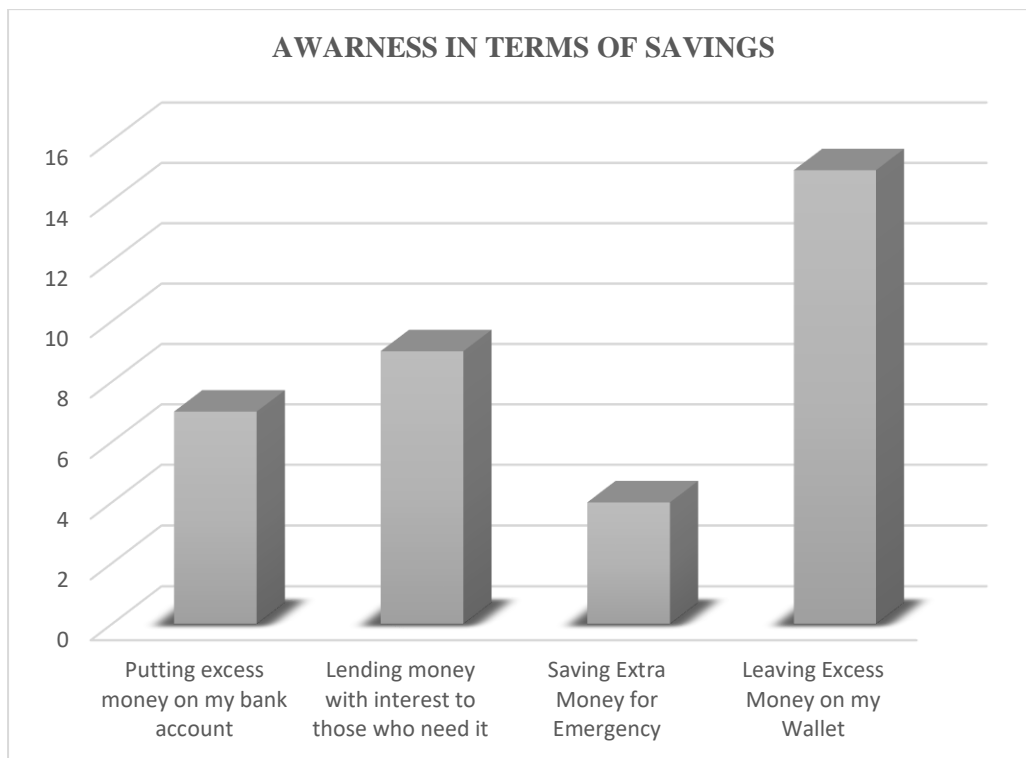
**TABLE 7**

7.Financial Planning awareness in terms of savings

<b>PARTICULARS</b>	<b>NO OF RESPONDENTS</b>	<b>PERCENTAGE</b>
Putting excess money on my bank account	7	20
Lending money with interest to those who need it	9	26
Saving Extra Money for Emergency	4	11
Leaving Excess Money on my Wallet	15	43

**CHART 7**





### INTERPRETATION

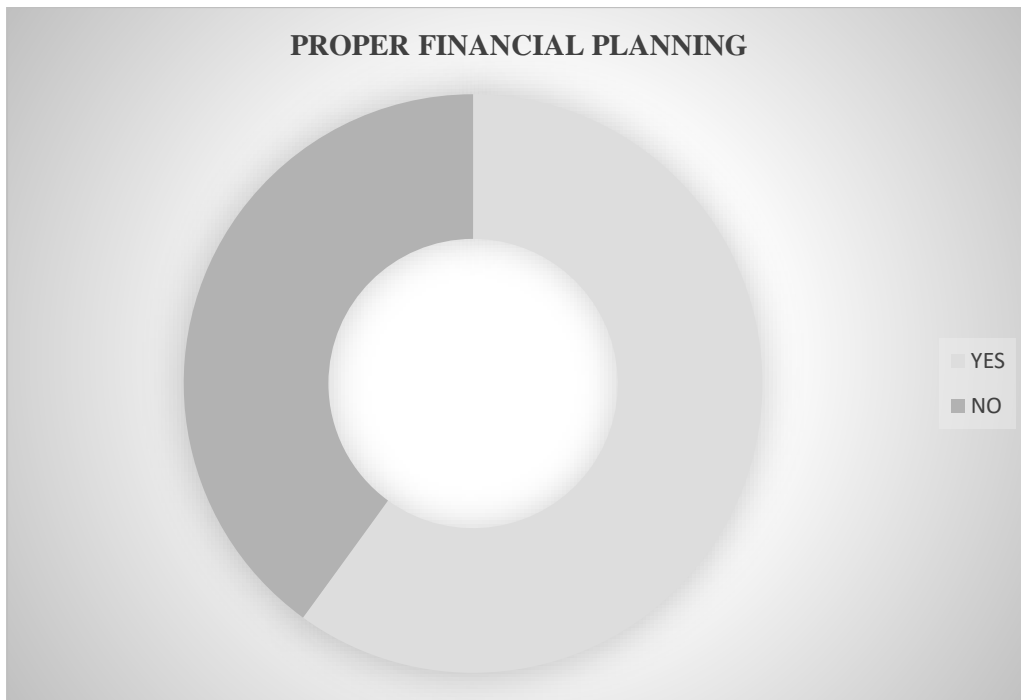
From the above graph shows that 43% of respondents save their income by Leaving Excess money on their wallet. 26% of respondents save by Lending money with interest to those who need it and 20% of respondents save by putting excess money on their bank account.

### TABLES

8. Do you have proper financial planning

PARTICULARS	NO OF RESPONDENTS	PERCENTAGE
YES	21	60%
NO	14	40%

### CHART 8



**INTERPRETATION**

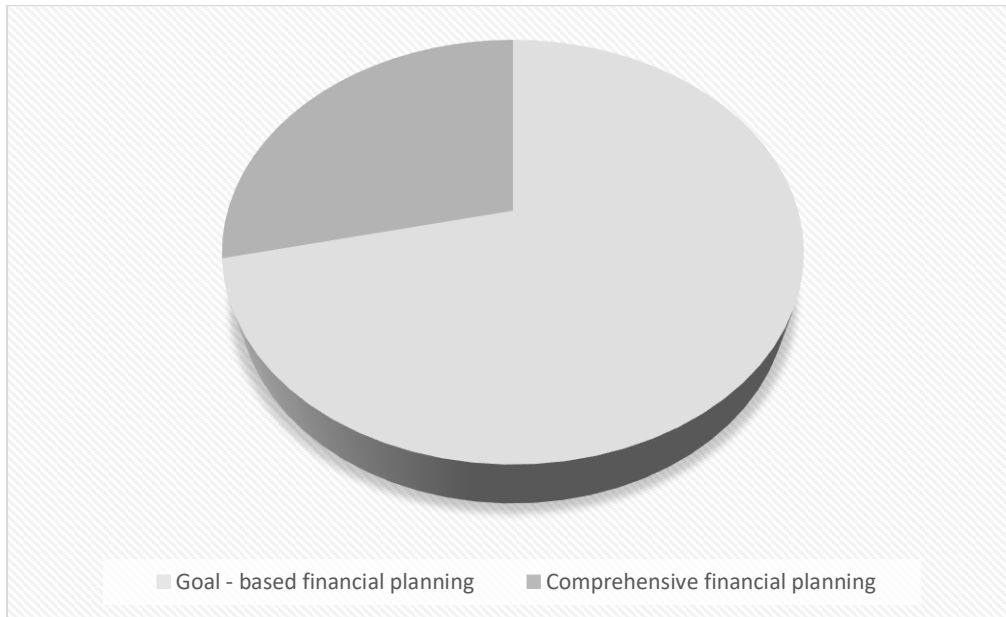
The above Pie Graph it shows that 60% of respondents have a proper Financial Planning and remaining 40% of respondents don't have a proper Financial Planning. This shows that many people are aware about their future and future goals.

TABLE9

9. What kind of financial planning you opt for?

PARTICULARS	NO RESPONDENTS	OF	PERCENTAGE
Goal - based financial planning	25		71
Comprehensive financial planning	10		29

CHART 9



### INTERPRETATION

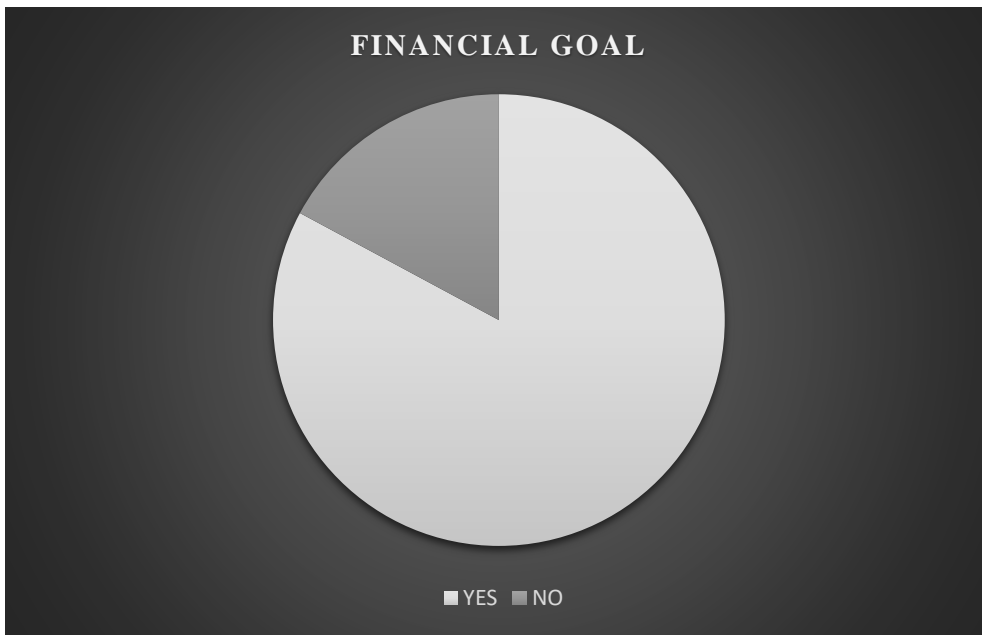
The above graph shows that 71% of respondents choose Goal based Financial planning and 29% of respondents choose Comprehensive Financial Planning. It shows that a common man chooses simple Goal based Financial Planning than Comprehensive Financial Planning which is a complex topic to understand.

TABLE 10

10. Have you set any Financial Goal

PARTICULARS	NO OF RESPONDENTS	PERCENTAGE
YES	29	83
NO	6	17

CHART 10



**INTERPRETATION**

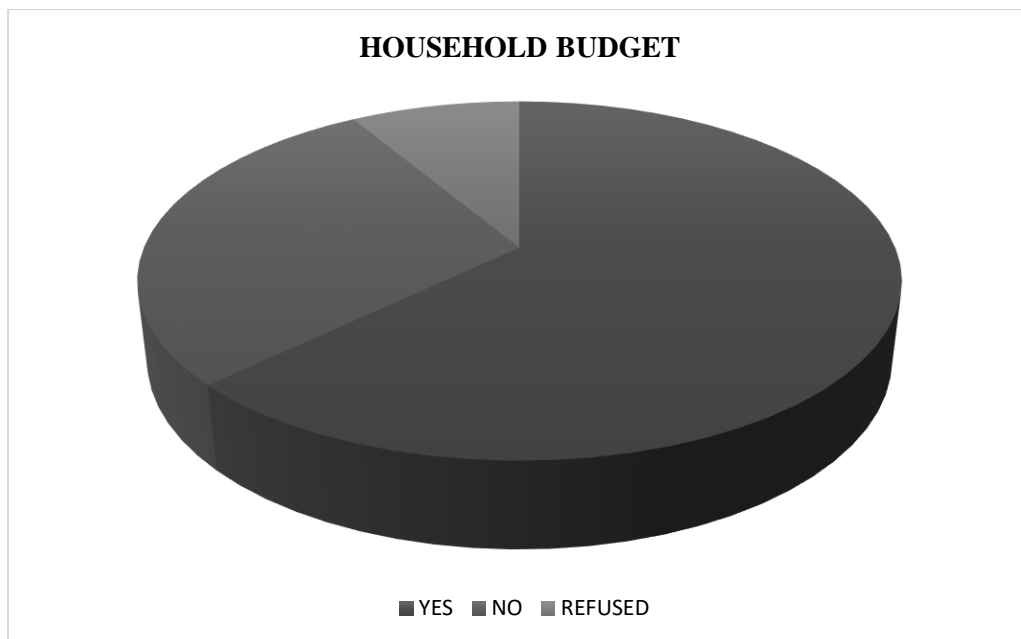
The above Pie Graph shows that 83% of respondents have a Financial Goal and 17% of respondents don't have a Financial Goal.

TABLE 11

11.Does your Household have a budget

PARTICULARS	NO OF RESPONDENTS	PERCENTAGE
YES	22	63
NO	10	29
REFUSED	3	8

CHART 11



### INTERPRETATION

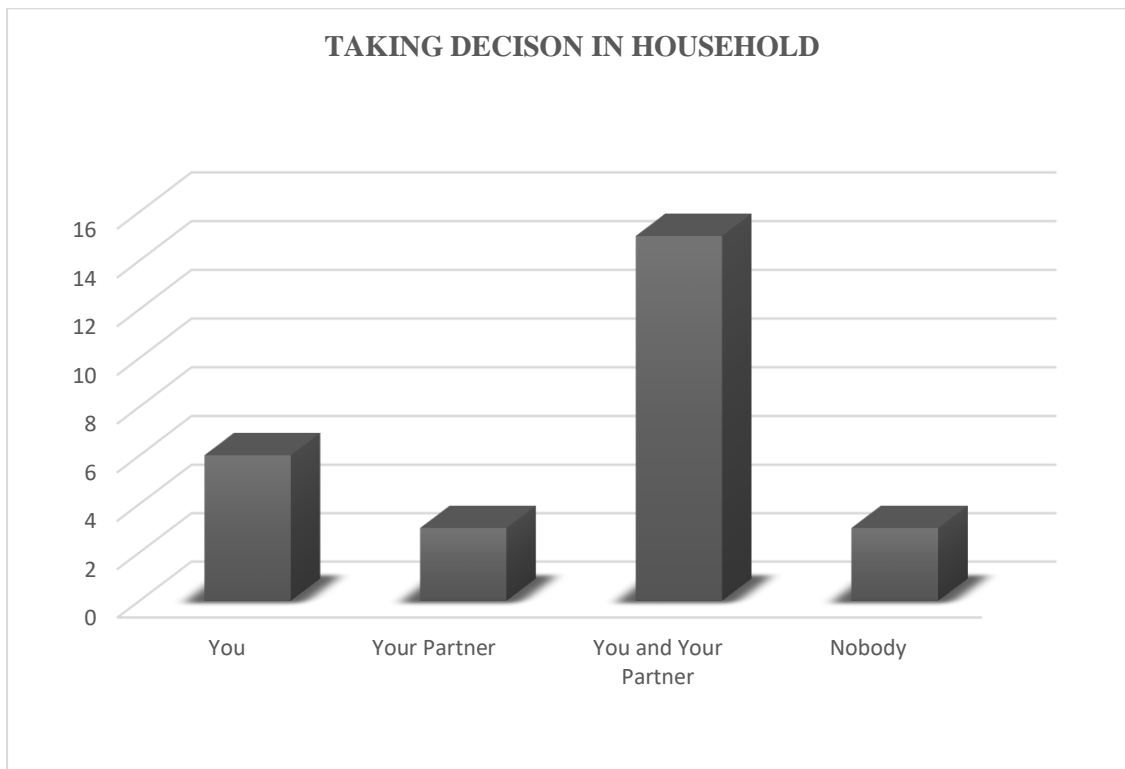
The above graph shows that 63% have budget for their Household and 29% of respondents don't have a budget and the remaining 8% of respondents refused to say whether they have budget or not.

TABLE 12

12. Who is responsible for day-to-day decisions about money in your Households?

<b>PARTICULARS</b>	<b>NO OF RESPONDENTS</b>	<b>PERCENTAGE</b>
You	6	17
Your Partner	3	8
You and Your Partner	15	43
Nobody	3	9
Parents	8	23

CHART 12



**INTERPRETATION**

The above graph shows that 43% of respondent’s day-to-day decisions about money in their households are made together with their partners and 23% of respondent’s day-to-day decisions are made by their Parents. 17% of respondents take day-to-day decisions about money by themselves.

TABLE 13

13. What percentage of income you invest as savings?

PARTICULARS	NO OF RESPONDENTS	PERCENTAGE
Less than 5 %	6	17
5% -15%	9	26
15% - 25%	2	6
25 % - 30%	14	40
More than 30 %	4	11

CHART 13



**INTERPRETATION**

The above graph shows that 40% of respondents save 25-30% of their income and 26% of respondents save 5-15% of their income. 17% of respondents save only less than 5% of their income.

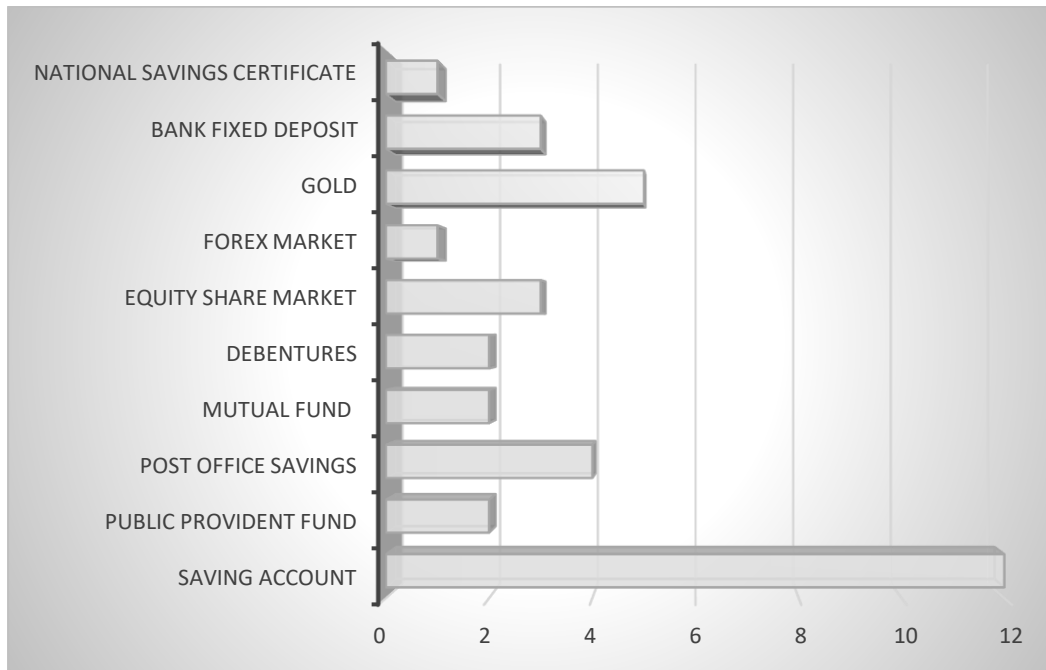
TABLE 14

14. Which of the following investment option you have invested

<b>PARTICULARS</b>	<b>NO OF RESPONDENTS</b>	<b>PERCENTAGE</b>
Savings Account	12	34
Public Provident Fund	2	6
Post Office Savings	4	11
Mutual Fund	2	6

Debentures	2	6
Equity Share Market	3	8
Forex Market	1	3
Gold	5	14
Bank Fixed Deposit	3	9
National Savings Certificate	1	3

Chart14



### INTERPRETATION

The above graph shows that 34% of respondents has chosen Savings Account as their investment option ,14% of respondents choose Gold as their investment option and 11% of respondents choose Post office savings and 9% of respondents choose Bank Fixed Deposit as their investment option.

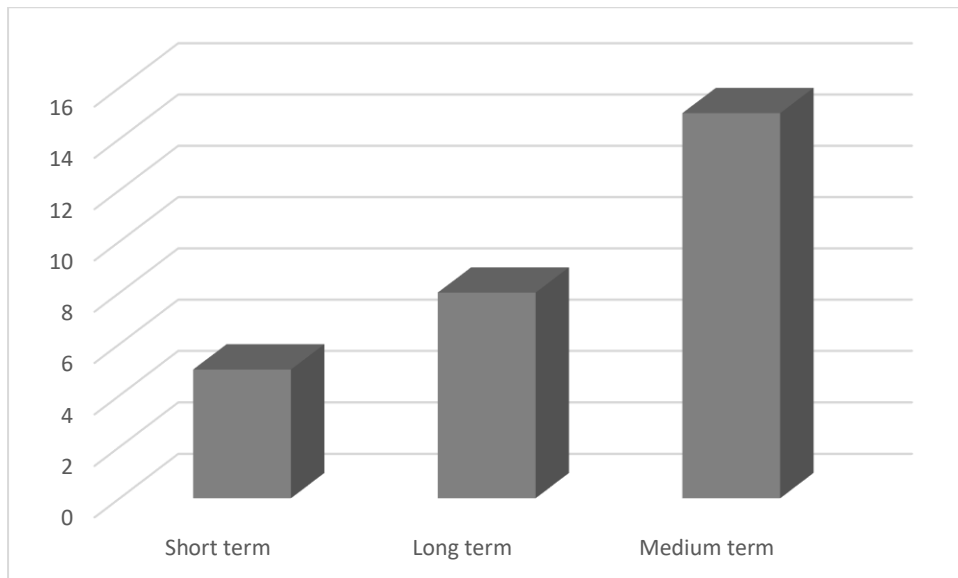
TABLE 15

### 15. Duration you prefer for investment

PARTICULARS	NO OF RESPONDENTS	PERCENTAGE
Short term	5	18
Long term	8	29
Medium term	15	53



CHART 15



**INTERPRETATION**

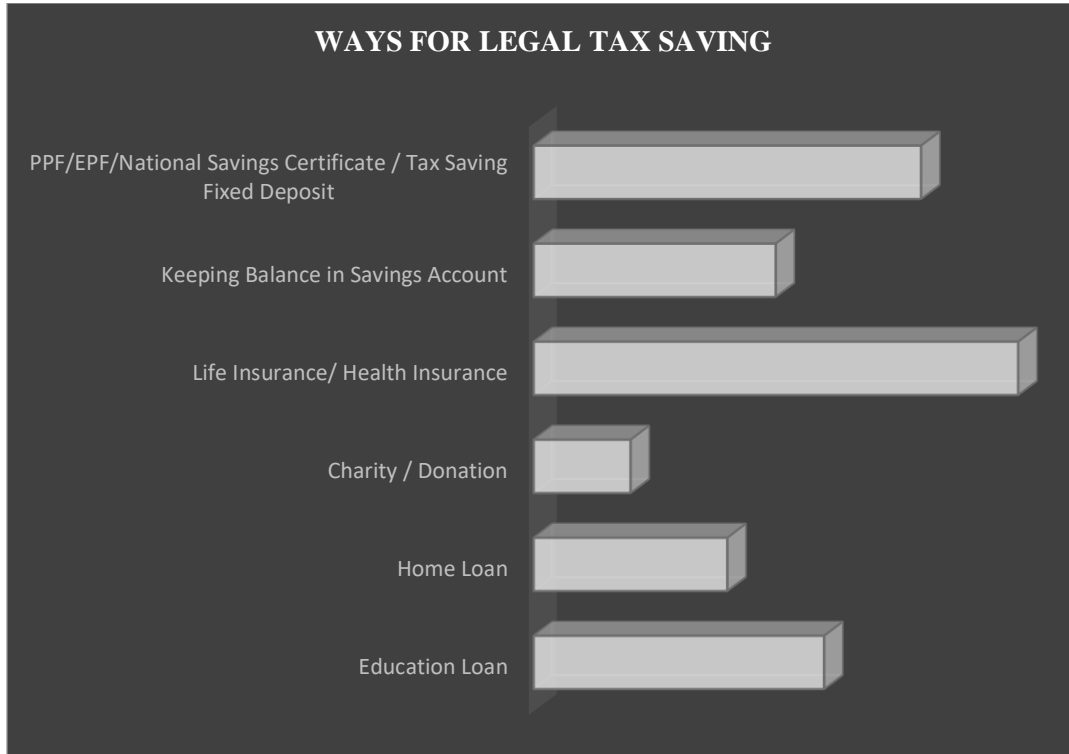
The above graph shows that 53% of respondents prefer to have a medium-term investment. 29% of respondents prefer long term investment and only 18% of respondents prefer short term investment. It shows that people are more interested towards medium term investment than Long term investment.

TABLE 16

16. Which are the following ways you are using for Legal Tax Saving?

RESPONSES	NO OF RESPONDENTS	PERCENTAGE
Education Loan	6	17
Home Loan	4	11
Charity / Donation	2	6
Life Insurance/ Health Insurance	10	29
Keeping Balance in Savings Account	5	14

CHART 16



**INTERPRETATION**

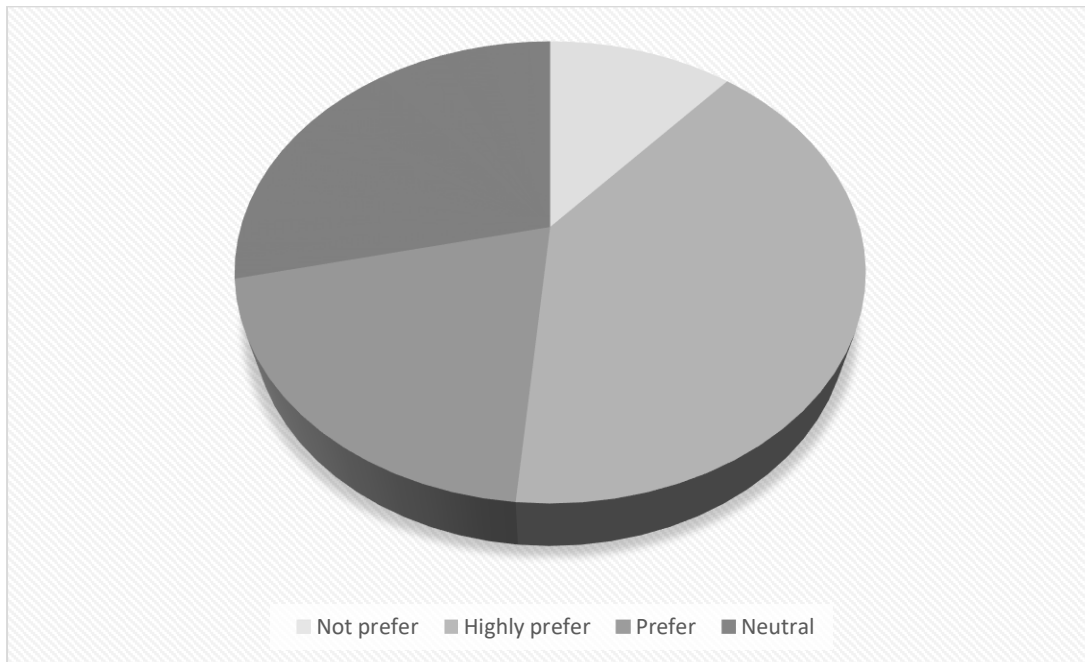
The above graph shows that 29% use health and life insurance ,23%of respondents many investment methods such as EPF, PPF for Legal Tax Saving and 17% of respondents use education loan as Legal tax saving.

TABLE17

17. Do you prefer insurance

PARTICULARS	NO OF RESPONDENTS	PERCENTAGE
Not prefer	4	11
Highly prefer	14	40
Prefer	7	20
Neutral	10	29

CHART 17



**INTERPRETATION**

The above graph shows that 40% of respondents highly prefer Insurance ,29% of respondents are neutral and 20% of respondents prefer and remaining 11% of respondents not prefer insurance.

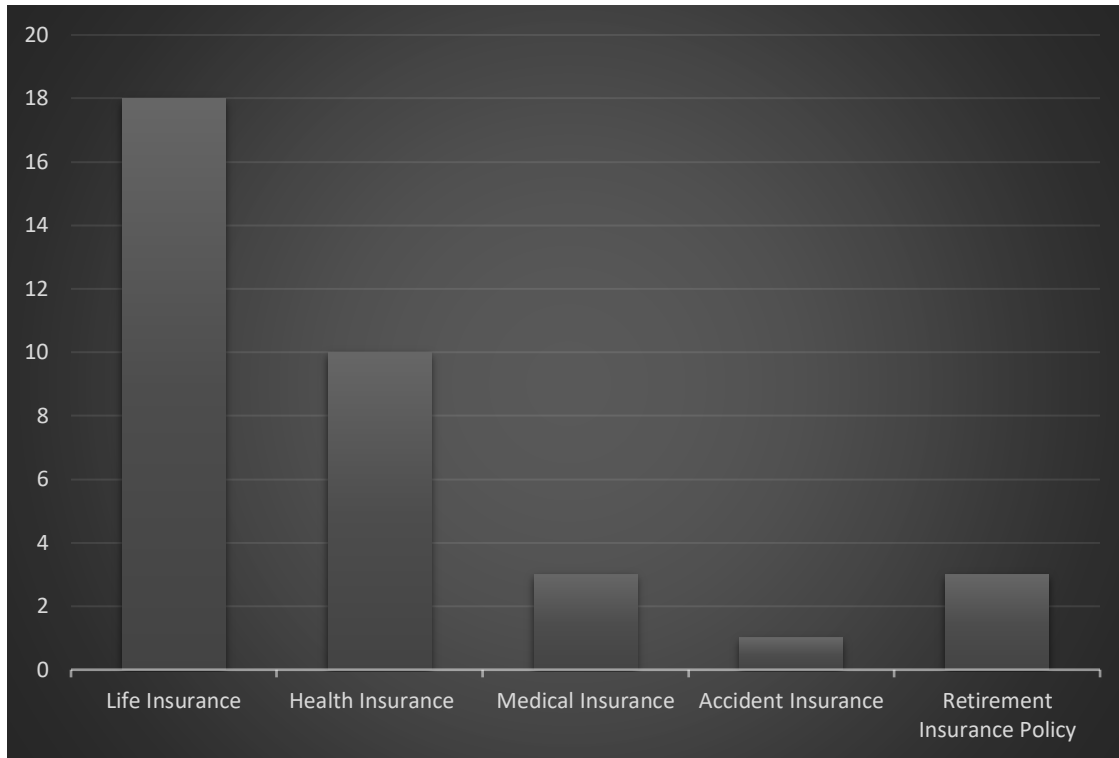
TABLE 18

18.What type of Insurance do you prefer

<b>PARTICULARS</b>	<b>NO OF RESPONDENTS</b>	<b>PERCENTAGE</b>
Life Insurance	18	51
Health Insurance	10	29
Medical Insurance	3	8

Accident Insurance	1	3
Retirement Insurance Policy	3	9

CHART 18



### INTERPRETATION

The above graph 51% of respondents prefer Life Insurance and 29% of respondents prefer health insurance over other types of insurance.

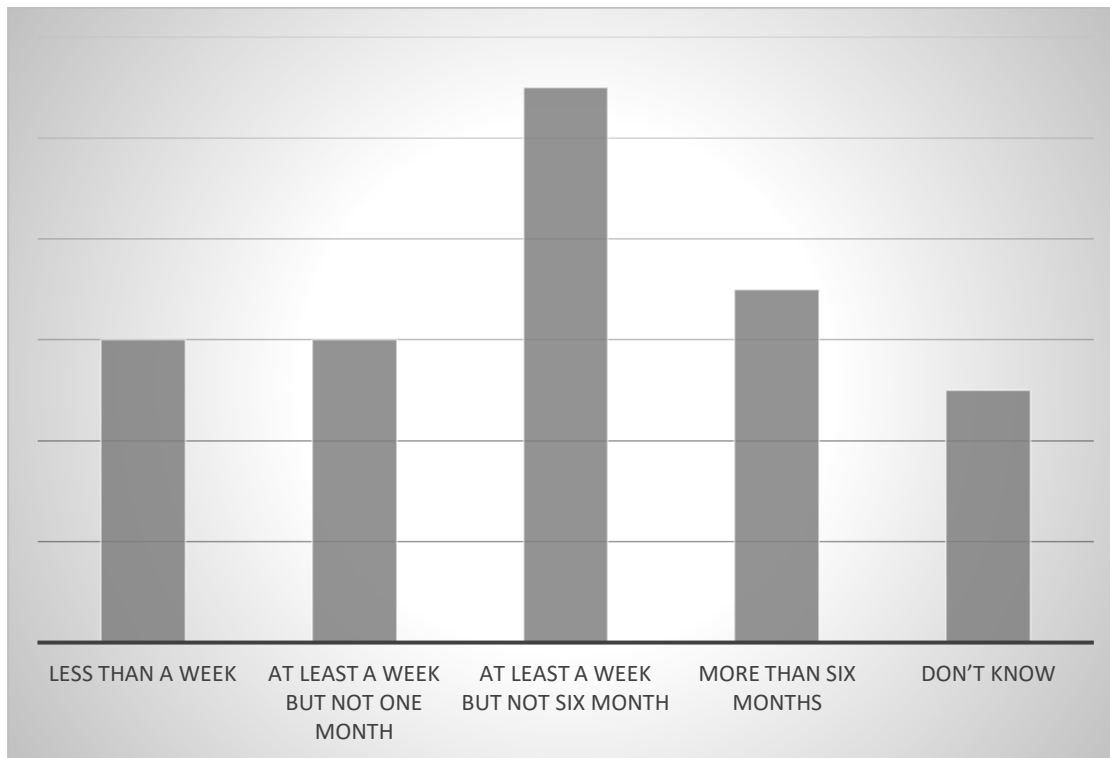
TABLE 19

19.If you lost main source of income, how long could you continue to cover living expenses, without borrowing any money

PARTICULARS	NO OF RESPONDENTS
Less than a week	6
At least a week but not one month	6

At least one month but not six months	11
More than six months	7
Don't know	5

CHART 19



### INTERPRETATION

The above graph shows that 32% people can survive for at least a week but not six months with income and only 20% of respondents can survive for more than six months.

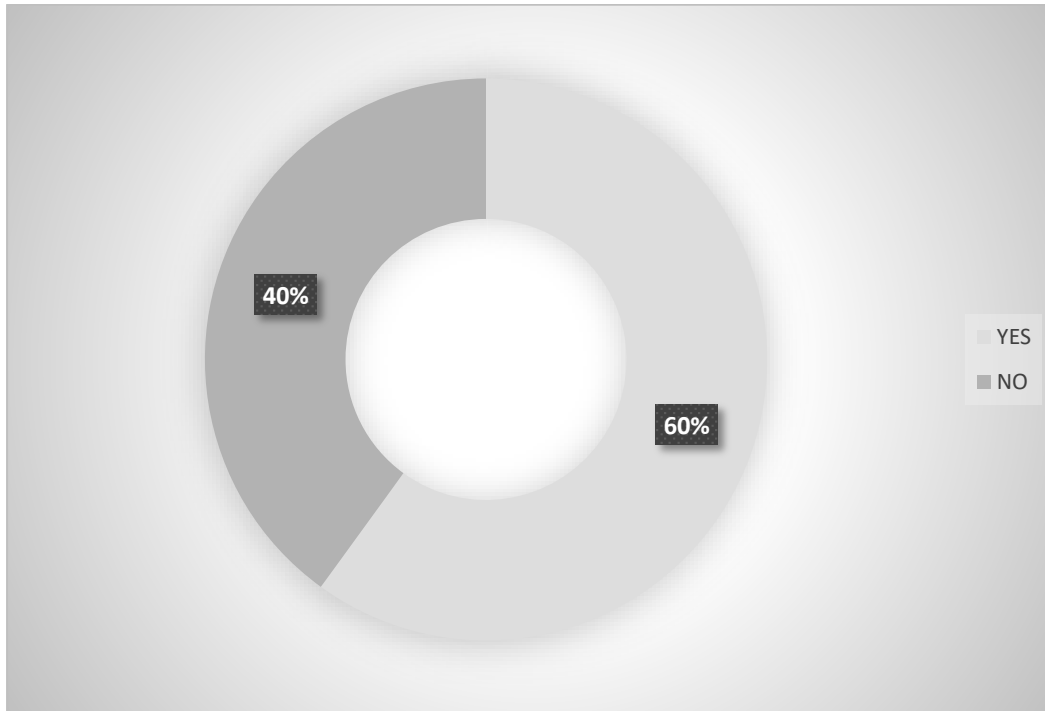
TABLE 20

20. Have you taken any professional advice on managing finance?

PARTICULARS	NO OF RESPONDENTS
YES	25

NO	10
----	----

CHART 20



### INTERPRETATION

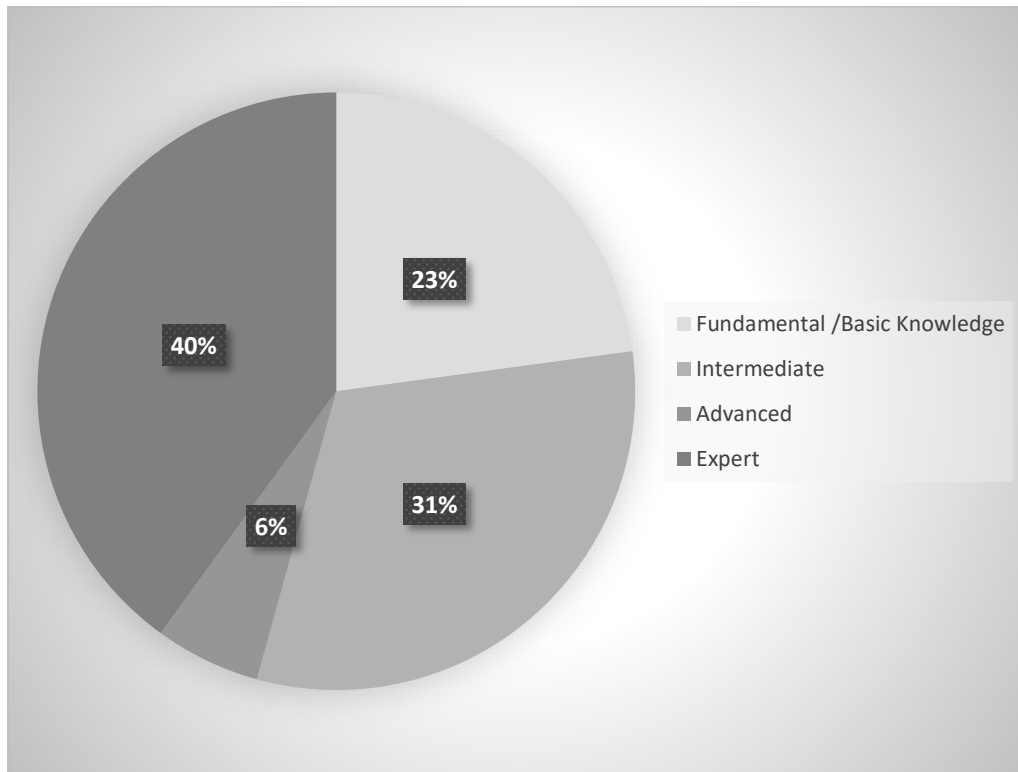
The above graph shows that 60% of respondents have taken professional advice on managing finance and 40% of respondents haven't taken any advice. It shows that people are more concerned about their future.

TABLE 21

21.How will you describe your Knowledge about Financial Planning

PARTICULARS	NO OF RESPONDENTS
Fundamental /Basic Knowledge	8
Intermediate	11
Advanced	2

CHART 21



### INTERPRETATION

The above graph shows that 40% of respondents are experts about Financial Planning ,31% of respondents are intermediate in terms of knowledge about Financial Planning ,23% of respondents only have basic knowledge about Financial Planning and remaining 6% of respondents are have advanced knowledge about Financial Planning.

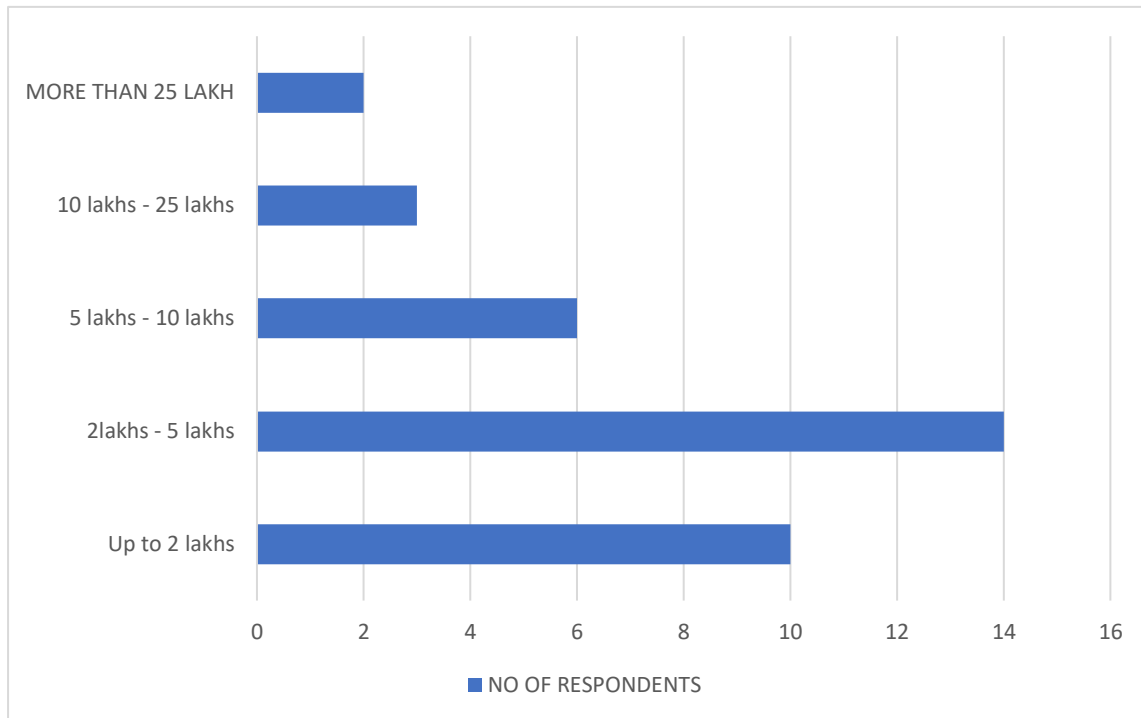
TABLE 21

21. Annual income of the respondents

ANNUAL INCOME	NO OF RESPONDENTS
Up to 2 lakhs	10

2lakhs - 5 lakhs	14
5 lakhs - 10 lakhs	6
10 lakhs - 25 lakhs	3
More than 25 lakh	2

CHART 21



### INTERPRETATION

The above graph shows that most of the respondents are having 2 lakh to 5 lakh as their annual income and also there are respondents that have their annual income up to 2 lakh.

TABLE 21

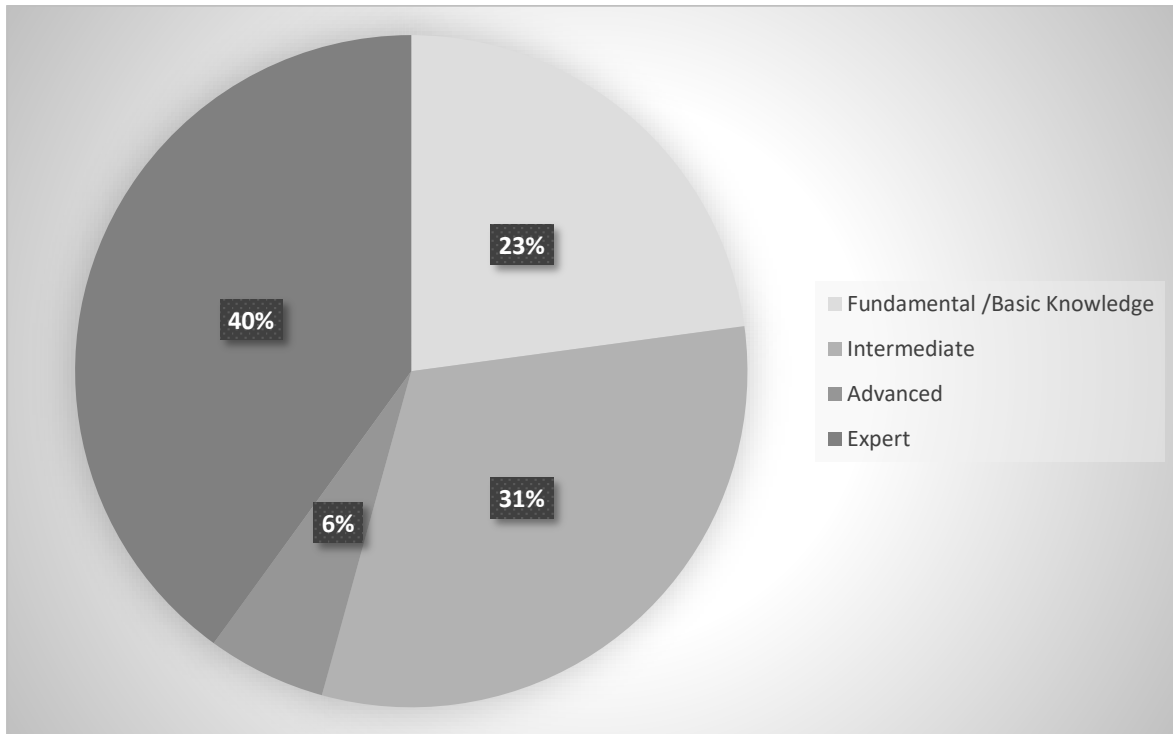
21.How will you describe your Knowledge about Financial Planning

PARTICULARS	NO OF RESPONDENTS
Fundamental /Basic Knowledge	8



Intermediate	11
Advanced	2
Expert	14

CHART 21



### **INTERPRETATION**

The above graph shows that 40% of respondents are experts about Financial Planning ,31% of respondents are intermediate in terms of knowledge about Financial Planning ,23% of respondents only have basic knowledge about Financial Planning and remaining 6% of respondents have advanced knowledge about Financial Planning.

### **HYPOTHESIS TESTING**

#### **CHI SQUARE ANALYSIS**

### OBSERVED VALUES

EMPLOYED SECTORS	AWARE ABOUT FINANCIAL PLANNING	NOT AWARE ABOUT FINANCIAL PLANNING	TOTAL
Private Sectors	15	2	17
Professional	4	1	5
Government Sector	6	2	8
Business	2	0	2
Other	2	1	3
<b>TOTAL</b>	<b>29</b>	<b>6</b>	<b>35</b>

Null Hypothesis: There is no relationship between the sectors employed and awareness about Financial Planning.

Alternative Hypothesis: There is significant relationship between the sectors employed and awareness about Financial Planning.

Significance level = 0.05

### EXPECTED VALUES

EMPLOYED SECTORS	AWARE ABOUT FINANCIAL PLANNING	NOT AWARE ABOUT FINANCIAL PLANNING
Private Sectors	$(17*29)/35= 14.08$	$(17*6)/35= 2.9$
Professional	$(5*29)/35= 4.14$	$(5*6)/35= 0.8$
Government Sector	$(8*29)/35= 6.62$	$(8*6)/35= 1.37$
Business	$(2*29)/35= 1.65$	$(2*6)/35= 0.34$
Other	$(3*29)/35= 2.48$	$(3*6)/35= 0.51$

### Calculation of $\chi^2$

OBSERVED VALUE	EXPECTED VALUE	$(O - E)$	$(O - E)^2$	$\chi^2 = \sum (O - E)^2 / E$
15	14.08	0.92	0.84	0.05
2	2.9	-0.9	0.81	0.27
4	4.14	-0.14	0.019	0.004
1	0.8	0.2	0.04	0.05
6	6.6	-0.6	0.36	0.05
2	1.37	0.63	0.39	0.28
2	1.65	0.35	0.12	0.07
0	0.34	-0.34	0.11	0.32
2	2.48	-0.48	0.23	0.09
1	0.51	0.49	0.24	0.47
			<b>TOTAL</b>	<b><math>\chi^2 = 1.654</math></b>

Degree of freedom = (Columns -1) (Rows -1)

$$= (2 -1) *(5 -1) = 4$$

**Percentage Points of the Chi-Square Distribution**

Degrees of Freedom	Probability of a larger value of $\chi^2$								
	0.99	0.95	0.90	0.75	0.50	0.25	0.10	0.05	0.01
1	0.000	0.004	0.016	0.102	0.455	1.32	2.71	3.84	6.63
2	0.020	0.103	0.211	0.575	1.386	2.77	4.61	5.99	9.21
3	0.115	0.352	0.584	1.212	2.366	4.11	6.25	7.81	11.34
4	0.297	0.711	1.064	1.923	3.357	5.39	7.78	9.49	13.28
5	0.554	1.145	1.610	2.675	4.351	6.63	9.24	11.07	15.09
6	0.872	1.635	2.204	3.455	5.348	7.84	10.64	12.59	16.81
7	1.239	2.167	2.833	4.255	6.346	9.04	12.02	14.07	18.48
8	1.647	2.733	3.490	5.071	7.344	10.22	13.36	15.51	20.09
9	2.088	3.325	4.168	5.899	8.343	11.39	14.68	16.92	21.67
10	2.558	3.940	4.865	6.737	9.342	12.55	15.99	18.31	23.21
11	3.053	4.575	5.578	7.584	10.341	13.70	17.28	19.68	24.72
12	3.571	5.226	6.304	8.438	11.340	14.85	18.55	21.03	26.22
13	4.107	5.892	7.042	9.299	12.340	15.98	19.81	22.36	27.69
14	4.660	6.571	7.790	10.165	13.339	17.12	21.06	23.68	29.14
15	5.229	7.261	8.547	11.037	14.339	18.25	22.31	25.00	30.58
16	5.812	7.962	9.312	11.912	15.338	19.37	23.54	26.30	32.00
17	6.408	8.672	10.085	12.792	16.338	20.49	24.77	27.59	33.41
18	7.015	9.390	10.865	13.675	17.338	21.60	25.99	28.87	34.80
19	7.633	10.117	11.651	14.562	18.338	22.72	27.20	30.14	36.19
20	8.260	10.851	12.443	15.452	19.337	23.83	28.41	31.41	37.57
22	9.542	12.338	14.041	17.240	21.337	26.04	30.81	33.92	40.29
24	10.856	13.848	15.659	19.037	23.337	28.24	33.20	36.42	42.98
26	12.198	15.379	17.292	20.843	25.336	30.43	35.56	38.89	45.64
28	13.565	16.928	18.939	22.657	27.336	32.62	37.92	41.34	48.28
30	14.953	18.493	20.599	24.478	29.336	34.80	40.26	43.77	50.89
40	22.164	26.509	29.051	33.660	39.335	45.62	51.80	55.76	63.69
50	27.707	34.764	37.689	42.942	49.335	56.33	63.17	67.50	76.15
60	37.485	43.188	46.459	52.294	59.335	66.98	74.40	79.08	88.38

Significance level =0.05

$X^2$  tabular = 9.49

$X^2$  calculated = 1.654

Condition

$X^2$  tabular >  $X^2$  calculated, we accept the Null hypothesis.

$X^2$  calculated >  $X^2$  tabular, we reject the Null hypothesis.

Result

Since  $X^2$  tabular >  $X^2$  calculated, we accept the Null hypothesis.

It is noted that the calculated chi square value is less than the tabulated value. Hence the hypothesis ,“There is no relationship between sectors employed and awareness on Financial Planning. From the analysis, that there is no significant relation between sectors employed and awareness on Financial Planning.



# **CHAPTER 5**

## **FINDINGS, SUGGESTIONS, CONCLUSIONS**

### **FINDINGS**

- The majority of responses are between the ages of 25 and 30.
- The majority of them are females, and the majority of them have a nuclear family.

- The majority of respondents had an annual income between 2-5 lakh
- Majority of respondents were employed in the private sector.
- The majority of respondents have been working for less than two years.
- More than half of the respondents have invested in savings accounts.
- The majority of respondents are aware of financial planning
- The majority of respondents have proper financial planning.
- The most prevalent route for lawful tax savings is through life or health insurance.
- A larger proportion of respondents have saved 25-30% of their income
- More than half have deposited their extra funds in a bank account
- A large proportion of respondents prefer insurance, with life insurance being the most desired type of insurance.
- Most of them favor long-term investments.
- The number of respondents who are specialists in financial planning is relatively small
- The majority have only an intermediate understanding of financial planning.
- The majority of respondents have a financial objective and have sought professional guidance on financial management.
- The vast majority of responders have a household budget.
- The majority of respondents share their duties for day-to-day financial decisions with their partners.
- Most of the respondents can cover the living expenses only for one month if the main source of income is lost.
- The Chi square analysis method has proven that there is no relationship between the sectors employed and awareness about Financial Planning

### **SUGGESTION**

- You may create a secure financial future by taking the time to master a few fundamental financial principles.
- You might save money if you learn to prepare your own annual tax return.
- Create an emergency fund and contribute to it on a regular basis, even if it's just a tiny amount.
- Each financial strategy must include retirement savings, and beginning early provides you the most time to develop your nest egg.
- Always determine your short term and long-term goals.
- Have a good financial plan.
- Increase the habit of savings so you can invest.
- Keep a part of your income as emergency fund.
- Try to invest in some insurance policies to start some savings for the retirement.
- Try Legal Tax Saving methods to save tax.
- Make a financial plan to reach your financial goals and revisit your financial goals regularly.
- Make your goal specific, measurable, achievable, relevant and time bound.

## CONCLUSION

We completed this assignment and some follow-up work in this course. All of it was about the advantages of financial planning, what to do or how to avoid doing so while facing financial difficulties, and making plans for a better lifestyle. Regarding this private financial Planning is a type of useful soft skill that will help us enhance our level of living and accomplish our goals in the future. During the talk, we learn more about the financial planning process and the advantages of adopting good financial planning to influence the economy. You may have several different financial goals you wish. To achieve but to reach them at the right point in life, you need to have a financial plan in place at a very young age. At an individual level, it involves investment a plan, expense management as well as the retirement plan. As a result, financial planning often delves into multiple areas of finance, including investing, taxes, savings, your estate, retirement, insurance and more.



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## **APPENDIX**

## **QUESTIONNAIRE**

### 1.Age

- 25 - 30 years
- 30 - 40 years
- 40 - 50 years
- 50 - 60 years

### 2.Gender

- Female
- Male

### 3.Family structure

- Nuclear family
- Joint family

### 4.Annual Income (in Rs)

- Up to 2 lakhs
- 2lakhs - 5 lakhs
- 5 lakhs - 10 lakhs
- 10 lakhs - 25 lakhs
- More than 25 Lakh

### 5.In which sector you are employed

- Private sector
- Home maker
- Professional
- Government sector
- Business
- Other

### 6.How many years you are in this profession?

- Less than 2 years
- 2- 5 years
- 5 -10 years
- 10 - 20 years
- 20-30 years
- More than 30 years

### 7.In which of the following investment options you have invested.

- Saving account
- Public provident fund
- Post office saving
- Mutual fund
- Debenture
- Equity share market
- FOREX market
- Gold
- Bank fixed deposit
- National saving certificate
- Government securities
- Life insurance
- Bonds
- Commodity share market
- Real estate
- Chit fund
- Others

8. Are you aware of financial planning

- Yes
- No

9. Do you have proper financial planning

- Yes
- No

10. What kind of Financial Planning you opt for?

- Goal - based financial planning
- Comprehensive financial planning

11. Which are the following ways you are using for Legal Tax Saving

- Education Loan
- Home Loan
- Charity / Donation
- Life Insurance /Health Insurance
- Keeping Balance in Savings Account
- PPF /EPF /National Saving Certificate / Tax Saving Fixed Deposit

12. What percentage of income you invest as savings?

- 25 % - 30%
- 15% - 25%

- Less than 5 %
- 5% -15%
- More than 30 %

13. Financial Planning awareness in terms of savings

- Putting my excess money on my bank account
- Lending money with interest to those who need it
- Saving extra money for emergency
- Leaving excess money on my wallet

14. Do you prefer insurance

- Not prefer
- Highly prefer
- Prefer
- Neutral

15. What type of Insurance do you prefer

- Life Insurance
- Health Insurance
- Medical Insurance
- Accident Insurance
- Retirement Insurance Policy

16. Duration you prefer for investment

- Short term
- Long term
- Medium term

17. How will you describe your knowledge about financial planning

- Fundamental /basic
- Intermediate
- Advanced
- Expert

18. Have you set any financial goal

- Yes
- No

19. Have you taken any professional advice on managing finance?

- Yes
- No

20.Does your household have a budget

- Yes
- No
- Refused

21.Who is responsible for day-to-day decisions about money in your household?

- You
- Your partner
- You and your partner
- Nobody
- Don't know

22.If you lost your main source of income ,how long could you continue to cover living expenses, without borrowing any money

- Less than a week
- At least a week but not one month
- At least one month but not six months
- More than six months
- Don't know