



# A Study on “Awareness of Financial Planning “of Young People at Ahmadabad

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**Abstract:** This paper tries to find out that most individuals who have yet ensued personal financial planning were held back by their financial awareness level. In this study we attempted to link the financial awareness level of individuals with their engagement in personal financial planning. Primary data was collected in Ahmadabad City self-administered questionnaire survey, and the relationship was examined using the Graphical method. The findings suggest that in contrast to their non-financially literate counterparts, the readiness of the financially literate individuals is reflected in their involvement in the multiple aspects of personal financial planning. However, further exploration into public's perceptions revealed that even though many see the significance of setting financial goals.

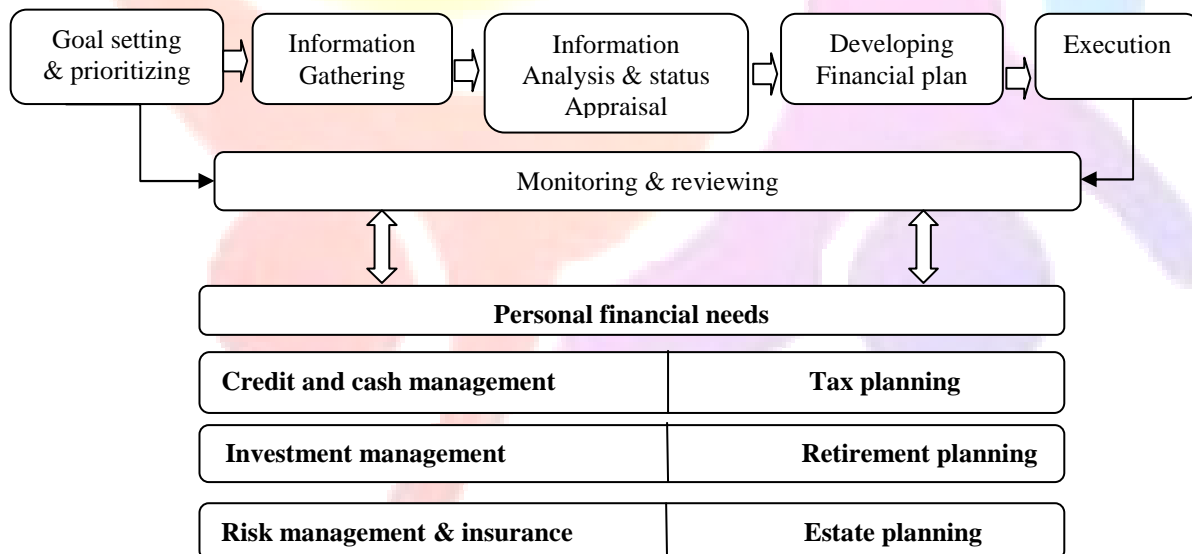
**Key words:** Financial Planning, awareness, young people.

## I. INTRODUCTION

Everybody earns money with an objective to fulfill one or many of one's life goals. People use money for purposes as simple as funding their daily household expenses to buying exotic luxuries for a better life. Money can be saved, accumulated and grown to fund various financial goals of a person; such as education, marriage, house purchase, retirement and even passing on as legacy to the next generation. So money earned is either used to fund some of the immediate expenses or some goal in distant future. There are three ways of earning money: first, you earn a salary by rendering service to your employer; second, you earn a profit from your own business; and third, you invest and manage the surplus money and let it grow or give you an income. When money earned is to fund one of the future goals, it needs to be invested in an optimum way to give maximum returns taking into consideration the individual's risk profile and time horizon of the goal and the taxation aspects related to personal finance.

Normally, people always think it is not really possible to fulfill all their goals or dreams without having a high Salary or belonging to a rich family. But it is not truth. With the help of Financial planning you can achieve all your life goal or dreams.

### Framework for the engineering of individual financial health



## II. LITERATURE REVIEW

**Annamaria Lusardi & Olivia S. Mitchell (2011)** In an increasingly risky and globalized marketplace, people must be able to make well-informed financial decisions. Yet new international research demonstrates that financial illiteracy is widespread when financial markets are well developed as in Germany, the Netherlands, Sweden, Japan, Italy, New Zealand, and the United States,



or when they are changing rapidly as in Russia. Further, across these countries, we show that the older population believes itself well informed, even though it is actually less well informed than average. Other common patterns are also evident: women are less financially literate than men and are aware of this shortfall. More educated people are more informed, yet education is far from a perfect proxy for literacy. There are also ethnic/racial and regional differences: city-dwellers in Russia are better informed than their rural counterparts, while in the U.S., African Americans and Hispanics are relatively less literate than others.

**Natarajan (2008)** Tax Planning may be defined as an arrangement of one's financial affairs in such a way that there is no violation of the legal provisions of the Income Tax Act. Though it is an obligation of every citizen to pay the tax honestly under the law, the taxpayer is legitimately entitled to plan his taxes in such a manner that his tax liability is reduced to a minimum. Tax planning not only reduces the tax liability but also helps in achieving the nation's economic and social goals. Tax planning is needed for: (a) Minimizing litigation between the taxpayers and tax administrators; (b) Healthy growth of economy; and (c) Employment generation. In order to reduce tax liability, an assessee has to plan well as to where to invest and how much to invest. In choosing a specific investment, an assessee needs definite knowledge regarding a number of features of investments such as tax benefit, safety of principal, liquidity, stability of income, capital growth, etc.

### III. RESEARCH METHODOLOGY

The study is based on primary data so we collected primary data by using questionnaire. The survey method has been used to achieve our research objectives. We designed our questionnaires using a close-ended structure. We have taken 200 Sample size in Ahmadabad city. We used cluster sampling. A set of 16 questions were used (Annexure). Specifically, we asked 5 questions to gauge the basic financial awareness level of individuals.

### IV. OBJECTIVE OF STUDY

For conducting this study following objectives were set:

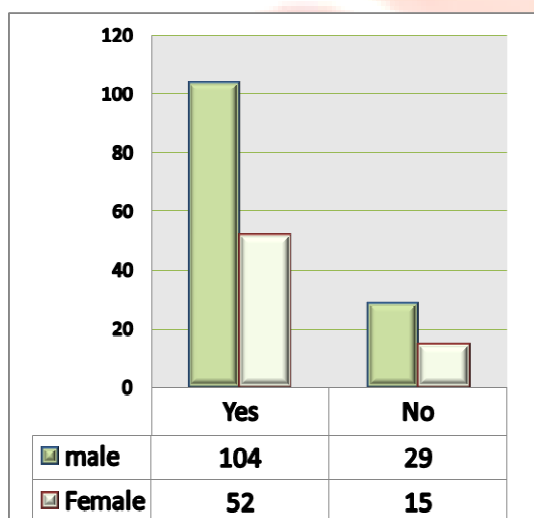
1. To know the awareness of financial planning.
2. To analyze the preference of the investors towards various investment tools.
3. To know which is the most important goal for the financial planners.
4. To know the ratio of married and unmarried individual who are doing financial planning.

### V. LIMITATION OF THE STUDY

- ❖ Time was the biggest constrain as these studies cannot be completed with accuracy in two month.
- ❖ In this research we have taken sample size of 200 Individuals which does not represent the whole population.
- ❖ The report is confined to cities of Ahmadabad and not necessarily represent the other parts of the state
- ❖ Some respondent are not share the details of personal investment and personal income.

### VI. DATA ANALYSIS

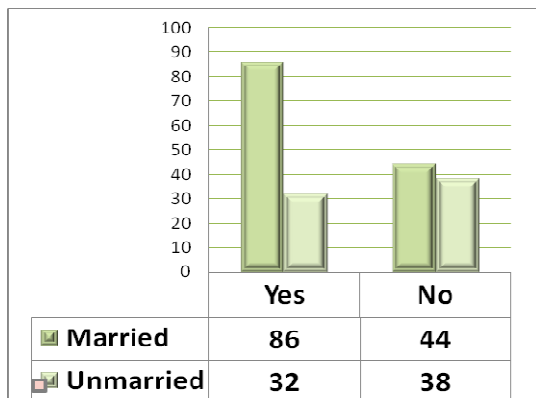
#### 1. Gender among Awareness of Financial Planning:



#### Interpretation:

As per the graphical presentation 52% male and 26% female are aware about financial planning. & 14.5% male and 7.5% female are not aware about financial planning. So we can say that most of the male are aware about financial planning as compare to female we found that most of female depends on their parents or husband.

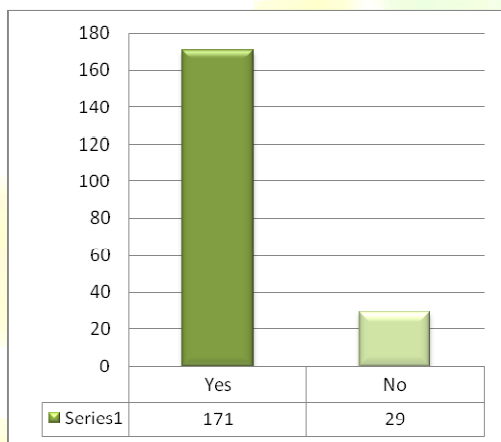
**2. Married respondent doing their financial planning or not:**



**Interpretation:**

We found that married respondents are doing more financial planning as compare to unmarried Respondent and furthermore we come to know that unmarried respondents are not more serious about their financial planning.

**3. Do you think that you need to do your financial planning for your future Goal?**

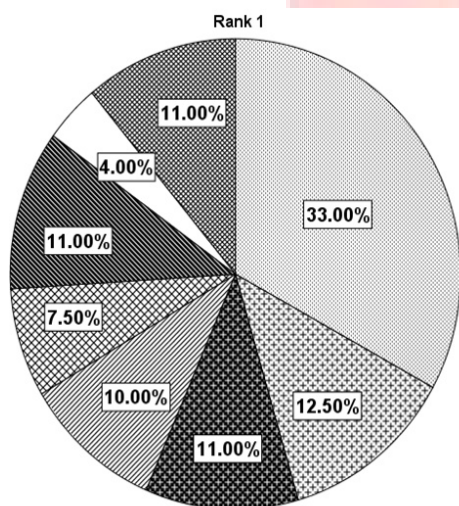


**Interpretation:**

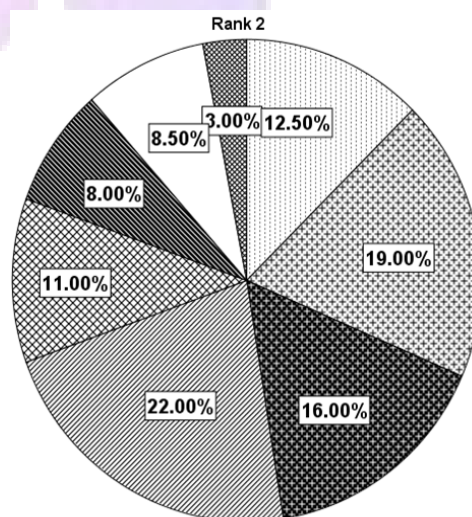
The above graph shows the respondents need to do their financial planning for fulfill their future Goal or not. 85.5% respondent's think that they need to do financial planning for their future goal and 14.5% respondents think that they not need to do their financial planning for their future goal.

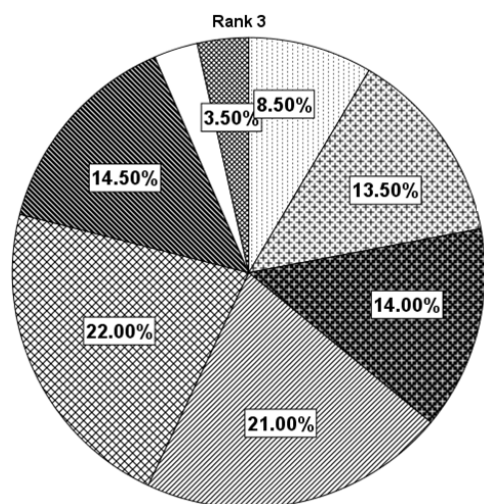
**4. Rank your Future Financial Goal:**

Particular	Frequency				Percent			
	R-1	R-2	R-3	R-4	R-1	R-2	R-3	R-4
Child Education	66	25	17	13	33.0	12.5	8.5	6.5
Marriage Expenses	25	38	27	29	12.5	19.0	13.5	14.5
Establish Business	22	32	28	35	11.0	16.0	14.0	17.5
Dream House	20	44	42	35	10.0	22.0	21.0	17.5
Dream Car	15	22	44	42	7.5	11.0	22.0	21.0
International Tour	22	16	29	24	11.0	8.0	14.5	12.0
Retirement	8	17	6	17	4.0	8.5	3.0	8.5
Other	22	6	7	5	11.0	3.0	3.5	2.5
<b>Total</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

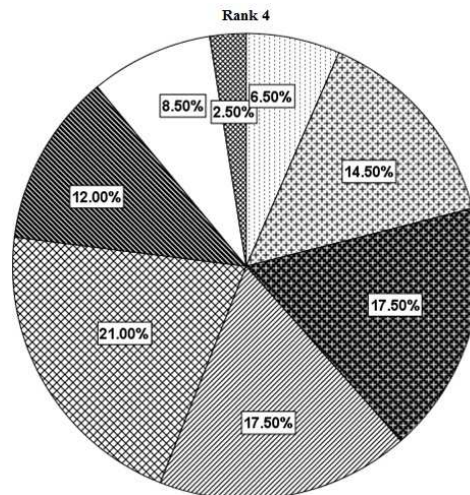


- Child Education
- Marriage Expenses
- Establish Business
- Dream House
- Dream Car
- International Tour
- Retirement
- Other

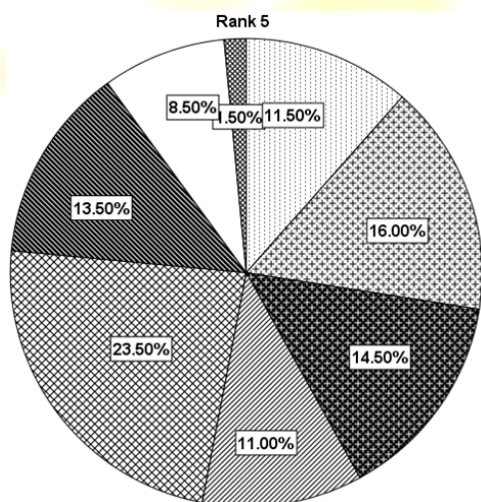




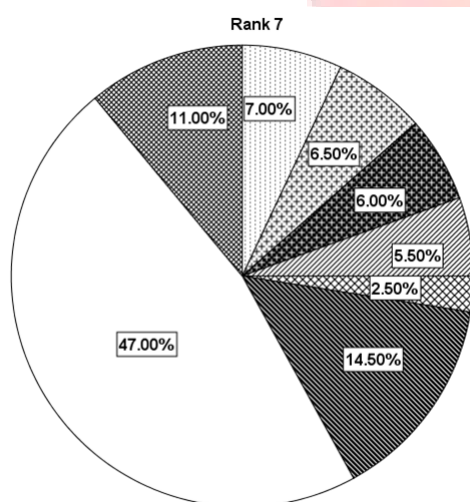
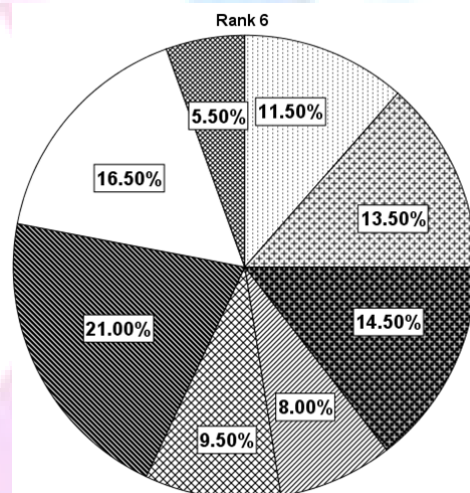
- Child Education
- Marrige Expenses
- Establish Business
- Dream House
- Dream Car
- International Tour
- Retirement
- Other



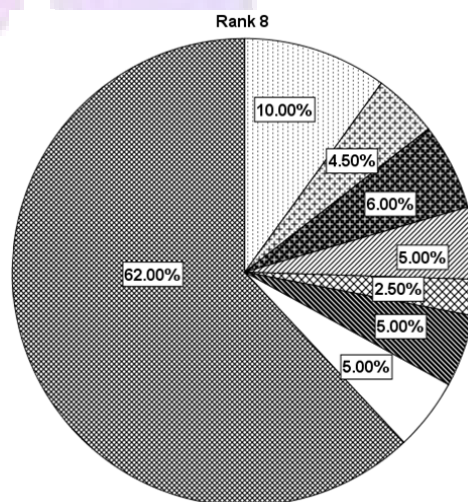
Particular	Frequency				Percent			
	R-5	R-6	R-7	R-8	R-5	R-6	R-7	R-8
Child Education	23	23	14	20	11.5	11.5	7.0	10.0
Marriage Expenses	32	27	13	9	16.0	13.5	6.5	4.5
Establish Business	29	29	12	12	14.5	14.5	6.0	6.0
Dream House	22	16	11	10	11.0	8.0	5.5	5.0
Dream Car	47	19	5	5	23.5	9.5	2.5	2.5
International Tour	27	42	29	10	13.5	21.0	14.5	5.0
Retirement	17	33	94	10	8.5	16.5	47.0	5.0
Other	3	11	22	124	1.5	5.5	11.0	62.0
<b>Total</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>200</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>



- Child Education
- Marrige Expenses
- Establish Business
- Dream House
- Dream Car
- International Tour
- Retirement
- Other



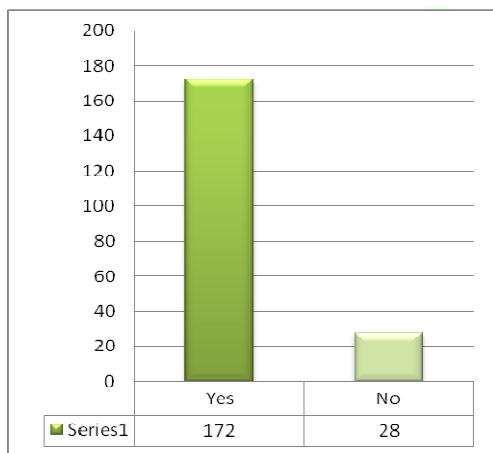
- Child Education
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- Other



**Interpretation:**

Chart shows that most of respondent’s primary goal is a child education. We found that according to respondent’s view, for children bright future education is an unavoidable. Second goal is a dream house because responders want to increase their real estate. Before retirement most of respondent want international tour. Retirement goal achieve last priority, we found that at that stage no more money require. And that time no more goal fulfillment.

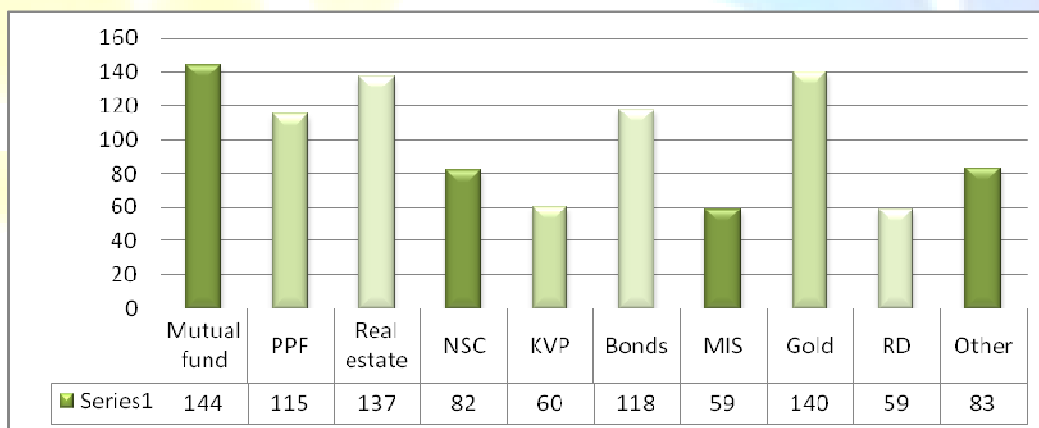
**5. Do you have saving/investment habits for your future financial goal?**



**Interpretation:**

The above Chart shows the Respondents saving/Investment habits for their future financial goal. 86% of the respondents have saving / Investment habits for their future financial goal and 14% of the respondents have not saving/Investment for their future financial goal. This shows that the most of the people have saving habits for their future financial goal.

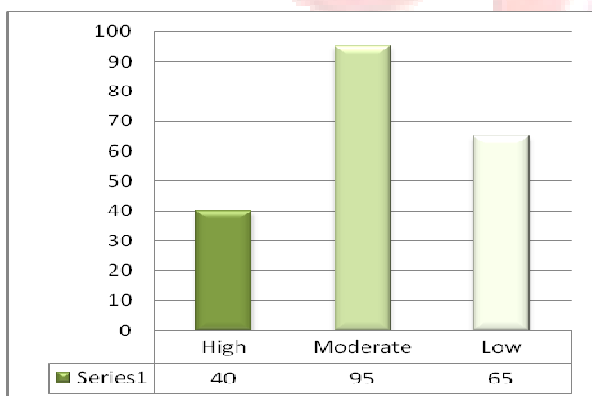
**6. In which investment tools you like to prefer to invest for your future goal?**



**Interpretation:**

According to the above chart 14% respondent are invest their money mutual fund, real estate and Gold. Mutual fund is limited risky platform to invest in with good return. We found that Most of the people are not aware about KVP (Kisan Vikas Patrak) There are very less person they invest their money in KVP

**7. Which level of risk you can take?**



**Interpretation:**

According to the above graph 20% of the respondents take high risk, 47.5% of the respondents take moderate risk and rest of the respondents take low risk. Most of the respondents take moderate risk.



### VIII. FINDINGS & CONCLUSION

- ❖ We have found that most of the Male Respondents doing Financial Planning for the family as compare to Female.
- ❖ Most of unmarried people think that Financial Planning is not important as they have no dependents or responsibilities. They think that the need for financial planning at the elder age, hence they are not much serious about their financial planning.
- ❖ From the data we can say that mostly respondents are aware about financial Planning, the reason behind this is the growth in financial literacy in last few year.
- ❖ The respondents who have a child those are focusing more on child education for their Bright right future.
- ❖ People think that Mutual fund is limited risky platform to investing.
- ❖ Education makes great impact in the financial planning awareness
- ❖ The investor who look for the safety of their investment prefer banks to investment, since we found that, there are people think Mutual fund, Gold and real estate is the best alternative to investment. Many Respondents think that Financial Planning is helpful to achieve their future financial goals.

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