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## EVALUATING PERSONAL FINANCIAL PLANNING

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### **ABSTRACT:**

*The financial planning as well as financial product awareness among the rural people is the need of the Indian Society. The people feeling the importance of budgeting, record keeping balance for households. However, they are unable to practice this thing because of lack of awareness and lack of guidance. The financial products like Pension and Insurance having great importance in the minds of Indian citizens, but majority of them are unable to get such a product due to lack ease of access and availability. Analysis of data also depicts less preference towards the institutional borrowing due to unavailability of credit to many people. Hence, unfortunately, they have to go for private money lenders. The researcher has identified this research problem, designed descriptive research for this. Collected primary data through online questionnaire. Secondary data from various publishers and website is used for this study. The hypothesis tested using Z test. The results are presented in the form of graphs. In the concluding part solutions are provided to overcome the problem of rural households.*

**Keywords:** Financial Plan, Rural Households, Investment, borrowings, risk, insurance, etc

### **Introduction:**

Even though a personal finance is one of the most significant factors in our lives, we are spending least time on managing them. We are not answerable for personal financial goals and results. When we plan personal finance properly, we can contribute larger time to every area of life.

Financial Planning- It is a step by step process to ensure that we plan and invest in a way so that we are constantly in sight of our goals and the effort that is required to achieve them.

Rural Financial Cooperatives- In rural India, the cooperative credit system is mostly adopted by rural families. It is bringing together individual farmers and their production capacity through cooperatives.

### **Objectives:**

Thinking about the own life, you'll be aware that the financial goals, and the ways you go about trying to achieve them, can be influenced by social factors such as the values, culture or



religion as well as by economic factors. In terms of religious values, for example, the taking or paying of interest is prohibited under sharia law, as it was by the Roman Catholic Church in earlier centuries. Approaches to charitable donations, the giving of care and financial support to family members are also affected by contextual social factors.

### **Methods:**

Even though a personal finance is one of the most significant factors in our lives, we are spending least time on managing them. We are not answerable for personal financial goals and results. When we plan personal finance properly, we can contribute larger time to every area of life.

**Research Problem - Origin of Research** The researcher founds that, there is need of financial planning in the life of each and every citizen. There is much awareness among the urban people about the financial planning, but in case of rural!!! It is worst condition among the rural citizens of India. This is the attempt to know, analyse and spread of awareness of financial planning among the rural Family.

**Objectives of the Study-**This study the financial planning of rural Family, the researcher sets following objectives as:

1. To study the awareness of financial planning among the rural Family
2. To study the availability of financial planning avenues to the rural Family

**Hypothesis-** To conduct research on the financial planning of rural Family, the researcher sets following Hypothesis for to be tested:

1. Null Hypothesis H0:                      There is financial literacy among the rural Family
2. Alternative Hypothesis H1:              There is not financial literacy among the rural Family

### **Scope of the study:**

1. Geographical Scope: Baramati Territory (Maharashtra- India) has selected for the data collection.
2. Time Horizon: Data is collected During the Financial Year 2017-18, 2018-19 and 2019-20.
3. Content scope: this project is limited to the financial data of the family.



### **Significance of the study in the context of current status:**

The research has very much scope in the rural financing. The financial institutions and banks are asking to generate need of financial planning among the rural Family. This study will be benefited for following:

1. To all rural Family in their personal financial planning
2. To all Banking institutions in the customizing the financial products for rural Family
3. To all Non-banking and banking institutions to design plans for rural market
4. To government for drafting new policy for rural Family
5. To NGO's related to micro financing the rural market of India

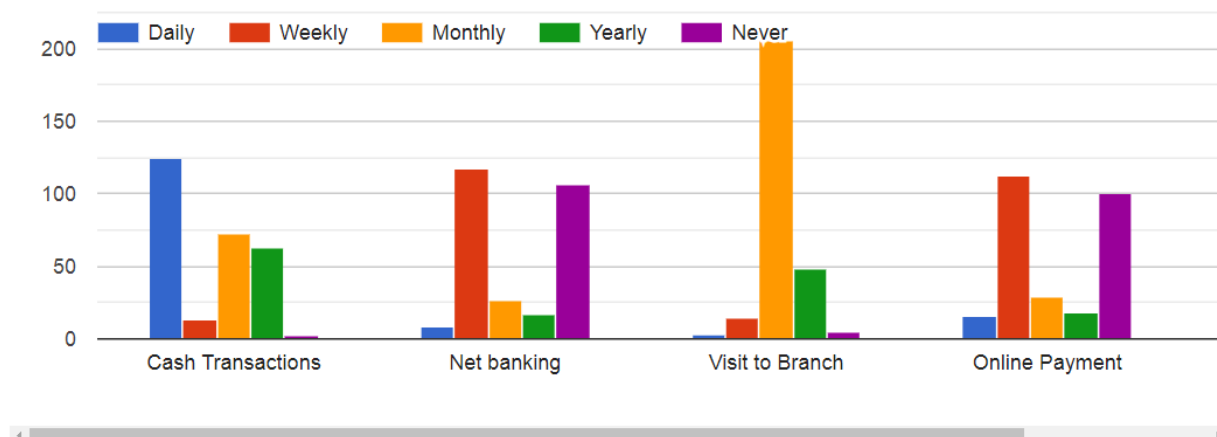
### **Research Design:**

1. Data Required: To suffice said objectives and testing of hypotheses following data is collected. Primary Data- The Survey is collected with preparing schedule via online google form and collected through research buddies on convenient sampling that is non-probability sampling method is used. Secondary Data- The secondary data various published books on financial planning, personal finance, etc.
2. Sources of Data: Both Primary and Secondary sources of data are utilized for this study. Secondary sources: To gather the information secondary sources viz. Books, Journals, Magazines and Periodicals are used. Primary Source: To collect the information of primary source of data collection using a questionnaire is used.
3. Instruments/ Research tools- For data collection structured questionnaire is used and collected data with direct visit to the respondents.

### **Result:**



## Use of Banking Services

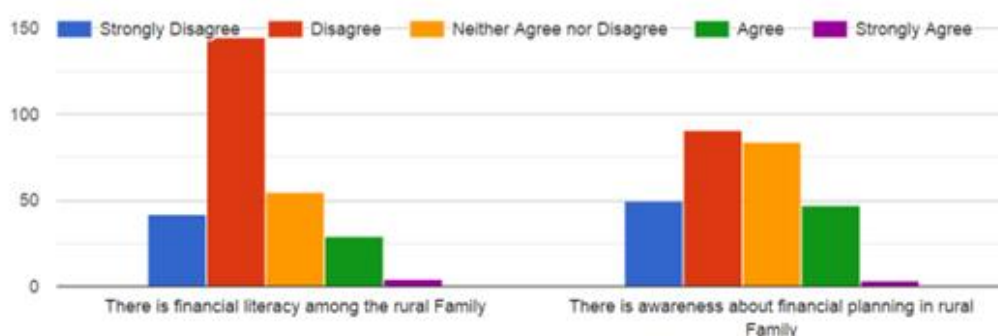


Source: Primary data collected

### Interpretation:

From the above graphical representations researcher made interpretation regarding the frequency of use of banking services is that, majority of them are dealing with cash transactions on daily basis. Rural people are using weekly net banking used by majority people. Monthly visit to the branch but they visit ATM on daily basis because of cash transactions. Weekly online payments are also in use.

### Awareness Analysis:



Source: Primary data collected

### Interpretation:

From the above graphical representations researcher made interpretation regarding the hypothesis statements, that the statement is at disagree side. The hypothesis testing has shown the acceptance of alternative hypothesis statements.



### Testing of Hypothesis:

The statement Examined was, “There is financial literacy among the rural Family”. For this statement, respondents were asked to give their view on a Five-point scale, from 5 meaning strongly agree to 1 meaning strongly disagree. Responses to this question, along with the means and standard deviations, are given in table. While the data were obtained using an ordinal Five-point scale, in calculating mean and standard deviation, the researcher was treating this statement as if they were measured at an interval level.

For this variable, test whether the mean response is on agree side of a neutral response, that is, test whether the mean exceeds 3. Use the 0.05 level of significance. Assume this sample is a random sample of all respondents.

Table : Responses to the statement

Response criteria	Responses
5 - Strongly Agree	4
4 - Somewhat Agree	29
3 – Neutral	55
2 - Somewhat Disagree	145
1 - Strongly Disagree	42
Total (n)	275
Mean (Weighted average) ( $\bar{x}$ )	2.3018
Standard Deviation (s)	1.12

Source: Primary Data

In order to determine whether the sample mean  $\bar{x}$  is within the critical region or not, it is necessary to determine the distance  $\bar{x}$  is from the hypothesized mean  $\mu$ . This can be determined by obtaining the Z-value associated with the sample mean - that is, how many standard deviations  $\bar{x}$  is from the hypothesized mean of  $\mu = 3$ .

Calculations for Overall respondents –



$$\begin{aligned}
 Z &= \frac{|\bar{x} - \mu|}{\left(\frac{s}{\sqrt{n}}\right)} \\
 &= \frac{|2.3018 - 3|}{\left(\frac{1.12}{\sqrt{275}}\right)} \\
 &= \frac{0.6982}{0.0675} \\
 &= 10.34
 \end{aligned}$$

$$Z = 10.34 > 2.33$$

That is, the z value is 10.34 which is above the hypothesized z value. This is above the critical cut-off point of +2.33, so this Z-value is in the critical region for the test. That is, the sample mean is 10.34 standard deviations above the hypothesized mean of 3, a great distance, and one that is extreme enough to be in the right 0.05 of the distribution.

Since this Z-value is in the critical region, the conclusion of the test is to reject the null hypothesis  $H_0$  and accept the alternative hypothesis  $H_1$ .

The conclusion is that the opinion of overall respondents is on the disagree side of neutral, a conclusion made at  $\alpha = 0.05$  level of significance. This provides quite strong evidence that overall Respondents on average are not neutral on this issue but tend to Disagree.

### Interpretation:

From the above analysis researcher made conclusion that, there is not financial literacy among the rural Family.

The researcher has set up the hypothesis to study the statement. As per the calculations of testing of hypothesis, the researcher accepts the alternative hypothesis i.e. there is not financial literacy among the rural Family.

### Findings of the Study:

Findings are based on the Primary data as follows:

1. The data collected from the rural region only. As research focused on the rural part of India, the rural respondent's data has considered by filtering in Excel sheet.
2. The Number of Family members in the rural family is around 5 members on an average.
3. The Chief wage earner in the rural family is having male dominating families.
4. The occupation of Chief of Family in the rural is either employed or self-employed in the similar proportion.



5. Annual Income Family in the rural is earning below 250000 per annum on an average.
6. Type of House of in the rural Family is having Pucca house on an average.
7. House Ownership of in the rural Family is having their own house.

### **Discussion and finding:**

Central to the situation is the goal of a comfortable retirement. The need is to have enough income throughout retirement to finance a certain standard of living. The amount required will be determined largely by expectations of spending in retirement. This raises a question: whose spending needs? Should the financial plan look at the individual or the household? The danger of basing the plan on the household is that many households change over time as, for example, couples split up, family members and friends decide to share a home or leave, or people die. Traditionally, married couples have adopted the household approach, and the resulting financial plans have often proved inadequate in the face of death or divorce. This is a key reason why women account for such a high proportion of the poorest pensioners today. The advantage of a retirement plan based on the individual is that each member of the household has their own pension arrangements, which they retain even if the make-up of their household changes.

### **Conclusion:**

As per the analysis of data, interpretations, and the findings, The Researcher has reached to the conclusion that, the alternative hypothesis is accepted. The financial planning as well as financial product awareness among the people is not in the India Society. The people feeling the importance of budgeting, record keeping balance for households. However, they are unable to practice this thing because of lack of awareness and lack of guidance. The financial products like Pension and Insurance having great importance in the minds of Indian citizens, but majority of them are unable to get such a product due to lack ease of access and availability. Analysis of data also depicts less preference towards the institutional borrowing due to unavailability of credit to many people. Hence, unfortunately, they have to go for private money lenders.

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