A Study on Awareness of Personal Financial Planning Among Households in Mehsana City

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Abstract

Financial awareness helps individual investors to understand and make successful use of financial resources to provide financial security to themselves and their family. The purpose of the study was to know the awareness of personal financial planning among households in Mehsana city. This research work is based on the survey method. For the current research 50 samples have been taken from Mehsana city of North Gujarat by Convenience Sampling method to investigate resident's attitudes and awareness towards personal financial planning by questionnaire method. We asked residents about their level of knowledge, whether they prepared any components of a financial plan and, do they need any kind of assistant into selecting a financial planner. Simple Statistical tools are utilized for the examination of this study. Awareness level has been tested by a different group of age, gender, education level, different job type, work experience, and income. The result of this study is generalized to small residents of Mehsana city which shows that more people are interested in personal financial planning and unable to prepare their own personal financial plans.

Key Words : *Awareness, Financial planning, Money planning, Personal planning, Individual planning, Personal saving, Personal investment.*

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Introduction:

Financial planning is nothing else but it is an organized process that consisted an examining an important component of an individual's financial matter in order to fulfill the financial objective. Personal financial planning it is all about what you do with your savings and money. The word personal financial planning has many interpretations as it gives a different meaning to the different rural as well as urban people. Financial awareness helps the individual investors to learn about how to monitor and how to use financial resources in order to increase their personal well-being and economic security for the self, family and friends. The understanding of financial needs help individual to know and identify different financial planning related need at different stages of financial planning. For any individuals financial choices are very consistent and limited with their preferences. Lack of knowledge about personal financial planning may lead to a poor decision in financial markets. To increase the awareness about financial planning it is an important to start educating people from their school days.

Literature Review:

J. James, W Hadley Leavell, B Maniam (2002) has done study of "Financial Planning, Managers, and College students" for this paper; groups of students at a southeast Texas regional University were surveyed. The survey was administered to four junior level classes in corporate finance and financial institution and markets. Paper has provided some areas of thought for today's work force. Study revealed that, Financial planning should serve as a wakeup call to managers and college students.

HA Hassan AL Tamimi (2009) has done study of "Financial Literacy and Investment Decision of UAE Investors" Data was collected with convenient sampling of 290 respondents of UAE national investors. Study revealed that the financial literacy and investment decision was most influenced by religion and least affected by rumors.

JKH Nga, LHL Yong, RD Sellappan (2010) has tried to find "A study of financial awareness among youths" Study was done in Malaysia. Data was collected with survey method was employed using a sample of 280 students at a private higher education institution in Subang, Jaya, Malaysia trebled from 2006 to 2007. Hypothesis testing was conducted using multivariate analysis of covariance. Study revealed that the level of education and majors influence general and financial product awareness among youths also, males were found to have higher levels of financial awareness compared to females. From paper, it is evident that financial awareness among youths is related with their family background.

Mane, S. & Bhandari, R. (2014) has tried to find "A study of Investor's Awareness and Selection of Different Financial Investment Avenues for the Investor in Pune City" .Data was collected with convenience method of sampling with 784 respondents. They utilized Percentage analysis, correlation analysis and chi-square test for estimation. Study revealed that respondents of pune city preferred safe investment avenues like saving Bank, Life insurance, Mutual funds and gold and preference towards risk taking investment avenues was very low.

WR Lin, FJ Yang, HC Chang (2016) published a research paper entitled "A Discussion of College Students' Financial Planning Awareness and Financial Planning Ability" Study was done in University in Taiwan. Data was collected with Questionnaire survey method and using a sample of 302 students. Study revealed that the level of Taiwanese college students have lack financial planning awareness, and ability.

Gupta.K., and Gupta.S.K.,(2018) had done investigation in "Financial Literacy and its Impact on Investment Decision- A Study of Rural Area of Himachal Pradesh ".Study done in rural zones of Himachal Pradesh in Shimla district with information of 500 respondents. They utilized Chi-Square test for estimation. They find that there is huge effect of demographic factors on financial literacy of respondents.

Research Gap

Research gap means the uncovered area of the particular field where further research is possible. It can be defined as further possibility of research work in particular area. Research gap is identified from the review of the literature of the particular field and area in which the research worked.

From the literature review it is evident that majority of the studies in the area of awareness of Personal Financial Planning have been done in western countries, and in countries like Malaysia has contributed a lot in the same field. But in India and particularly in Gujarat, very few studies have been done on Personal Financial Planning. This provides the researcher with the opportunity to take up the study that will assess the awareness on personal financial planning, measure the awareness about the investors related to the same, and will also find association on awareness amongst Investors of Mehsana.

Research Questions:

1. Do family units know the ideal process and financial advantages of personal financial planning?

2. Do family units have sufficient knowledge about personal financial planning?

Methodology of the Study:

Descriptive research was conducted to study the Awareness of Personal Financial Planning among Households in Mehsana City of North Gujarat. The research was based on both primary data and secondary data. Primary data was collected by using questionnaire survey and secondary data has been collected from journals, websites, articles, various books and so on. It was not possible for researcher to study on awareness of personal financial planning among household in Mehsana city. So the researcher has collected only 50 respondents. The researcher has selected the method of convenience sampling.

Sample Size: 50

Sampling Technique: Convenience Sampling

Objectives of the study:

a) To measure the level of awareness of personal financial planning among households in Mehsana city

b) To examine the range of awareness among households of Mehsana city
c) To analyze attitude regarding personal financial planning among residents of Mehsana city.

Hypothesis of the Study:

$(H_a)_1$	:	*There is association between respondents' financial awareness and different age group.*
$(H_a)_2$	:	*There is association between respondents' financial awareness and different gender group.*
$(H_a)_3$	:	*There is association between respondents' financial awareness and different educational group.*
$(H_a)_4$	:	*There is association between respondents' financial awareness and different job type.*
$(H_a)_5$	:	*There is association between respondents' financial awareness and different work experience.*
$(H_a)_6$	:	*There is association between respondents' financial awareness and different income group.*

Data Analysis:

A data collected by surveying residents of Mehsana city from different sector employees such as, government sector employees, public sector employees and private sector employees and measured their financial planning awareness by using Pearson Chi-square Test.

TABLE 1: Financial awareness & different age group

Pearson Chi-square Test

Sr. No		**Value**	**Df**	**Asymp. Sig. (2-sided)**	**NULL Hyp. H0**
1	Saving Account	8.247a	4	.083	Accepted
2	Bank FD	1.637a	4	.802	Accepted
3	Equity Shares	6.438a	4	.169	Accepted
4	Govt. Bonds/ Debenture/NCDs	4.979a	4	.289	Accepted
5	Derivatives	11.533a	4	.021	Rejected
6	Mutual Funds(SIP)	5.436a	4	.245	Accepted
7	PPF	18.140a	4	.001	Rejected
8	Other Post Office Product (NSC , MIP)	11.229a	4	.024	Rejected
9	Life Insurance	8.382a	4	.079	Accepted
10	Money Market (Call, T Bill , Liquid Funds)	20.482a	4	.000	Rejected
11	Tax Saving Schemes	11.265a	4	.024	Rejected
12	Real Estate	5.695a	4	.223	Accepted
13	Non Conventional Avenues (precious coins, Paintings etc.)	3.891a	4	.421	Accepted

By using the Chi-square test summarized data provided in above table 1, it has been found that the p value is less than 0.05 in Derivatives, PPF, Other post office product (NSC, MIP), Money Market(Call, T Bill, Liquid Funds), and Tax Saving Schemes, where as in case of Saving Account, Bank FD, Equity Shares, Govt. Bonds/Debenture/NCDs, Mutual Funds(SIP), Life Insurance, Real Estate, Non Conventional Avenues, it has been found that chi-square (p-value) is significant.

Hence, the result of test indicates rejection of the null hypothesis which shows that there is significant difference in financial awareness (Derivatives, PPF, Other post office product (NSC, MIP), Money Market (Call, T Bill, Liquid Funds), and Tax Saving Schemes) in different age group.

TABLE 2: Financial awareness & different gender group

Pearson Chi-square Test

Sr. No		Value	Df	Asymp. Sig. (2-sided)	NULL Hyp. H0
1	Saving Account	0.658	2	.720	Accepted
2	Bank FD	0.658	2	.720	Accepted
3	Equity Shares	16.074	2	.000	Rejected
4	Govt. Bonds/ Debenture/NCDs	1.902	2	.386	Accepted
5	Derivatives	6.767	2	.034	Rejected
6	Mutual Funds(SIP)	4.395	2	.111	Accepted
7	PPF	5.768	2	.056	Accepted
8	Other Post Office Product (NSC , MIP)	2.646	2	.266	Accepted
9	Life Insurance	6.509	2	.039	Rejected
10	Money Market (Call, T Bill , Liquid Funds)	6.515	2	.038	Rejected
11	Tax Saving Schemes	5.768	2	.056	Accepted
12	Real Estate	3.095	2	.213	Accepted
13	Non Conventional Avenues (precious coins, Paintings etc.)	4.986	2	.083	Accepted

By using the Chi-square test summarized data provided in above table 2, it has been found that the p value is less than 0.05 in Equity Shares, Derivatives, Life Insurance, Money Market (Calls, T Bill, Liquid Funds) where as in case of Saving Account, Bank FD, Govt. Bonds/Debenture/NCDs, Mutual Funds (SIP), PPF, Other Post Office Product

(NSC, MIP) ,Tax Saving Schemes, Real Estate, Non Conventional Avenues, it has been found that chi-square (p-value) is significant.

Hence, the result of test indicates rejection of the null hypothesis which shows that there is significant difference in financial awareness (Equity Shares, Derivatives, Life Insurance, Non Conventional Avenues in different gender.

TABLE 3: Financial awareness & different education group

Pearson Chi-square Test

Sr. No		Value	Df	Asymp. Sig. (2-sided)	NULL Hyp. H0
1	Saving Account	15.278	4	.004	Rejected
2	Bank FD	2.557	4	.634	Accepted
3	Equity Shares	6.324	4	.176	Accepted
4	Govt. Bonds/ Debenture/NCDs	5.521	4	.238	Accepted
5	Derivatives	14.542	4	.006	Rejected
6	Mutual Funds(SIP)	2.192	4	.701	Accepted
7	PPF	0.676	4	.954	Accepted
8	Other Post Office Product (NSC , MIP)	16.660	4	.002	Rejected
9	Life Insurance	4.240	4	.375	Accepted
10	Money Market (Call, T Bill , Liquid Funds)	4.513	4	.341	Accepted
11	Tax Saving Schemes	5.070	4	.280	Accepted
12	Real Estate	1.312	4	.859	Accepted
13	Non Conventional Avenues (precious coins, Paintings etc.)	4.920	4	.296	Accepted

By using the Chi-square test summarized data provided in above table 3, it has been found that the p value is less than 0.05 in Saving Account, Derivatives, Other Post Office Product (NSC, MIP), where as in case of Bank FD, Equity Shares, Govt. Bonds/Debenture/NCDs, Mutual Funds(SIP), PPF, Life Insurance, Money Market (Call, T Bill, Liquid Funds) Tax Saving Schemes, Real Estate, Non Conventional Avenues, it has been found that chi-square (p-value) is a significant.

Hence, the result of test indicates rejection of the null hypothesis which shows that there is a significant difference in financial awareness (Saving Account, Derivatives, Other post office product) in different Education Status.

TABLE 4: Financial awareness & different job type

Pearson Chi-square Test

Sr. No		Value	Df	Asymp. Sig. (2-sided)	NULL Hyp. H0
1	Saving Account	1.923	4	.750	Accepted
2	Bank FD	2.200	4	.699	Accepted
3	Equity Shares	2.802	4	.591	Accepted
4	Govt. Bonds/ Debenture/NCDs	7.623	4	.106	Accepted
5	Derivatives	2.298	4	.681	Accepted
6	Mutual Funds(SIP)	3.841	4	.428	Accepted
7	PPF	3.354	4	.500	Accepted
8	Other Post Office Product (NSC , MIP)	12.427	4	.014	Rejected
9	Life Insurance	1.239	4	.872	Accepted
10	Money Market (Call, T Bill , Liquid Funds)	6.347	4	.175	Accepted
11	Tax Saving Schemes	5.609	4	.230	Accepted
12	Real Estate	1.807	4	.771	Accepted
13	Non Conventional Avenues (precious coins, Paintings etc.)	3.960	4	.411	Accepted

By using the Chi-square test summarized data provided in above table 4, it has been found that the p-value is less than 0.05 in Other post office product (NSC, MIP), whereas in the case of Saving Account, Bank FD, Equity Shares, Govt. Bonds/Debenture/NCDs, Derivatives, Mutual Funds (SIP), PPF, Life Insurance, Money Market (Call, T Bill, Liquid Funds), Tax Saving Schemes, Real Estate, Non Conventional Avenues, it has been found that chi-square (p-value) is significant.

Hence, the result of the test indicates rejection of the null hypothesis which shows that there is a significant difference in financial awareness (Other post office product (NSC, MIP), in different job type.

TABLE 5: Financial awareness & work experience

Pearson Chi-square Test

Sr. No		Value	Df	Asymp. Sig. (2-sided)	NULL Hyp. H0
1	Saving Account	5.929	6	.431	Accepted
2	Bank FD	9.135	6	.166	Accepted
3	Equity Shares	4.576	6	.599	Accepted

4	Govt. Bonds/ Debenture/NCDs	7.655	6	.264	Accepted
5	Derivatives	9.418	6	.151	Accepted
6	Mutual Funds(SIP)	8.403	6	.210	Accepted
7	PPF	33.691	6	.000	Rejected
8	Other Post Office Product (NSC , MIP)	12.804	6	.046	Rejected
9	Life Insurance	10.859	6	.093	Accepted
10	Money Market (Call, T Bill , Liquid Funds)	21.110	6	.002	Rejected
11	Tax Saving Schemes	13.894	6	.031	Rejected
12	Real Estate	13.708	6	.033	Rejected
13	Non Conventional Avenues (precious coins, Paintings etc.)	7.467	6	.280	Accepted

By using the Chi-square test summarized data provided in above table 5, it has been found that the p-value is less than 0.05 in PPF, Other post office product (NSC, MIP), Money Market(Call, T Bill, Liquid Funds), Tax Saving Schemes, and Real Estate whereas in case of Saving Account, Bank FD, Equity Shares, Govt. Bonds/Debenture/NCDs, Derivatives, Mutual Funds(SIP), Life Insurance, Non Conventional Avenues, it has been found that chi-square (p-value) is significant.

Hence, the result of the test indicates rejection of the null hypothesis which shows that there is a significant difference in financial awareness (PPF, Other post offices product (NSC, MIP), Money Market (Call, T Bill, Liquid Funds), Tax Saving Schemes and Real Estate) in different work experience.

TABLE 6: Financial awareness & different income group

Pearson Chi-square Test

Sr. No		**Value**	**Df**	**Asymp. Sig. (2-sided)**	**NULL Hyp. H0**
1	Saving Account	6.597	6	.360	Accepted
2	Bank FD	7.274	6	.296	Accepted
3	Equity Shares	6.997	6	.321	Accepted
4	Govt. Bonds/ Debenture/NCDs	7.070	6	.314	Accepted
5	Derivatives	12.363	6	.054	Accepted
6	Mutual Funds(SIP)	13.641	6	.034	Rejected
7	PPF	12.675	6	.049	Rejected
8	Other Post Office Product (NSC , MIP)	21.209	6	.002	Rejected
9	Life Insurance	8.001	6	.238	Accepted
10	Money Market (Call, T Bill ,	15.224	6	.019	Rejected

	Liquid Funds)				
11	Tax Saving Schemes	7.752	6	.257	Accepted
12	Real Estate	8.199	6	.224	Accepted
13	Non Conventional Avenues (precious coins, Paintings etc.)	8.181	6	.225	Accepted

By using the Chi-square test summarized data provided in above table 6, it has been found that the p-value is less than 0.05 in Mutual Funds(SIP), PPF, other post office products (NSC, MIP), Money Market(Call, T Bill, Liquid Funds), whereas in case of Saving Account, Bank FD, Equity Shares, Govt. Bonds/Debenture/NCDs, Derivatives, Life Insurance, Tax Saving Schemes, Real Estate, Non-Conventional Avenues, it has been found that chi-square (p-value) is significant.

Hence, the result of the test indicates rejection of the null hypothesis which shows that there is a significant difference in financial awareness (Mutual Funds (SIP), PPF, Other post office products (NSC, MIP), Money Market (Call, T Bill, Liquid Funds), in different Income Status.

Limitations:

This study is limited to Mehsana city with only 50 respondents which may limit its applicability in general.

Suggestion:

In this regards, the Government/ NGO or Financial Institutions should organize special seminars in order to create more awareness of personal financial planning with especially for females.

Findings

In light of the examination of the gathered data, the following are the findings in the research study:

The respondents have been classified according to their age, gender, education, job types, income per annum, and work experience. More than half of the respondents were aware about Saving Account, Bank FD, Life insurance and mutual funds but they are not aware of other types of saving ideas and opportunities. Majority of the respondents take advice from a financial adviser, friends and family for taking their financial decision. And also the findings of the research revealed that the level of financial literacy and financial product awareness among youths. Additionally, males were found to have higher levels of financial literacy and financial awareness compared to females.

Conclusion:

The primary purpose of the study is to measure the level of awareness of personal financial planning among households in Mehsana city. For this study 50 Salaried employees of the Private sector, Public sector and Government sector from Mehsana city has been studies which revealed that respondents or individuals have enough awareness about traditional investment avenues like Bank FD, Saving Account, Post office Schemes, PPF and Life insurance and still awareness about new investment plan like Derivatives, Money Market (Call, T Bill, Liquid Funds), Tax Saving Schemes and Non-Conventional Avenues (precious coins, paintings etc.) is still very low awareness among the respondents. Hence, they are not able to take advantages of new-age investment plans.

For future generation it is essential to think about various investment and reserve funds plan. It is additionally important to educate and aware them about different investment plan and procedures for personal financial planning and particularly in women's there is less awareness has been found so some extraordinary workshops can be arranged by the government to educate them for saving and investment purpose.

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