



A STUDY ON PERSONAL BUDGETING OF AN INDIVIDUAL IN COIMBATORE CITY

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ABSTRACT

Now a day's, money management - financial literacy becomes a foremost challenge faced by most of the developed and developing countries globally. The reviews evidenced that the monetary management level of the individual in India is low. This made the researcher to study the behavioral pattern of the monetary management. As enough research has been carried out by various researchers in this aspect, the researcher considered Coimbatore city which is listed as one of the smart cities in India for her study. Coimbatore is known for the place of industrialized, blended of unique culture, no comprehensive study was carried out to study the various aspects of monetary management among the employees.

Keywords: Money management, spending habit, monthly budget, Maintenance of income & expenditure record, spending pattern

INTRODUCTION

Personal Budgeting is the process of managing your finances by creating a plan to allocate income towards expenses, savings & goals. It helps track spending, sort needs over wants and achieve financial stability. It is key to achieving financial goals and avoiding unnecessary expenses and debt. In today's dynamic economic landscape, the study of personal budgeting emerges as an important investigation into the financial habits and decision-making processes of individuals. This study aims to search into the many aspects' domain of personal budgeting, exploring the effectiveness of various budgeting methods, the impact of financial literacy programs & the role of technology in shaping budgetary practices. A Personal Budget is "a plan for the coordination of resources and expenditures". Your resource is your income and your expenditures are the purchases you make. More specifically, it is the "amount of money that is available for, required for, or assigned to a particular purpose.

STATEMENT OF THE PROBLEM

Despite the importance of personal budgeting, many individuals struggle with effectively managing their finances. This study seeks to identify the common challenges faced by individuals in budgeting their personal finances such as financial instability, inadequate income, overspending, lack of financial literacy, unexpected (unforeseen) expenses, lifestyle inflation, emotional & psychological factors, and external influences, cultural & social norms. By understanding the complexities of personal budgeting and these challenges individuals face, we can develop targeted solutions to empower individuals to take control of their financial well-being.

OBJECTIVES

- ❖ To assess the current personal budgeting practices of individuals.
- ❖ To identify the common challenges faced by individuals in managing their personal finances.
- ❖ To provide suggestions for improving personal budgeting practices and promoting financial literacy among individual

RESEARCH METHODOLOGY

Research Methodology refers to the process of systematic method used to conduct research and gathering data to address specific research for a question or a problem. Research Design, Data Collection method, Sampling size, Data analysis, Interpretation and Reporting are the key components of Research Methodology.

SOURCE OF DATA

The sources of data for the study of personal budgeting of individuals are collected from primary data. A detailed Questionnaire was prepared and administrated on salaried individual in Coimbatore city.

SAMPLING DESIGN

Sample design refers to the technique or methods the researcher used for selecting items for the sample. The sample design is a definite plan for obtaining a sample from a given population. In this study the sample design is collected from only 120 respondents of an individual of Coimbatore city.

STATISTICAL TOOLS USED

The following statistical tool have been used to analyses and interpret the data collected from the respondents,

- ❖ Simple percentage analysis
- ❖ Simple Rank analysis
- ❖ Correlation analysis

REVIEW OF LITERATURE

Garg and Singh, (2018) examined the youth's financial literacy level all around the globe in their study "Financial literacy among young." The survey states that youth financial literacy is poor throughout many parts of the world, which is worrisome. In addition, a variety of socioeconomic and demographic characteristics, including age, gender, income, educational achievement marital status has been found to Influence youth's financial literacy.

Decker, (2018) viewed that personal financial plan is essential for life. Investing or buying a financial product without a financial plan is like try to build a house without blue print. He points out that personal finance should include, an outline of specific goals, realistic conservative projections of investment returns, risk management, adequate insurance to protect hard earned assets, a strategy to reduce Unnecessary taxes and a solid estate plan.

Data analysis and Interpretation

Data interpretation is the process of reviewing data and arriving at relevant conclusions using various analytical research methods. Data analysis assists researchers in categorizing, manipulating data, and summarizing data to answer critical questions. It serves as powerful tools for conveying complex information in a clear and understandable manner, facilitating data-driven decision-making and driving positive outcomes across various sectors such as business, healthcare, finance, marketing, and scientific research.

SIMPLE PERCENTAGE ANALYSIS:**TABLE NO 4.1.8****FINANCIAL SITUATION OF THE RESPONDENT**

S. No	Financialsituation	No of respondent	Percentage%
1	Struggling	22	17.6%
2	Stable	57	45.6%
3	Comfortable	35	28%
4	Successful	11	8.8%
	Total	125	100

Sources: Primary Data

The above table shows that 45.6% of the respondents are Stable in Financial situation, 28.8% of the respondents are Comfortable in Financial situation, 17.6% of the respondents are struggling and 8.8.% of the respondents are Successful in Financial situation. **Majority (45.6%) of the respondents are Stable in Financial situation.**

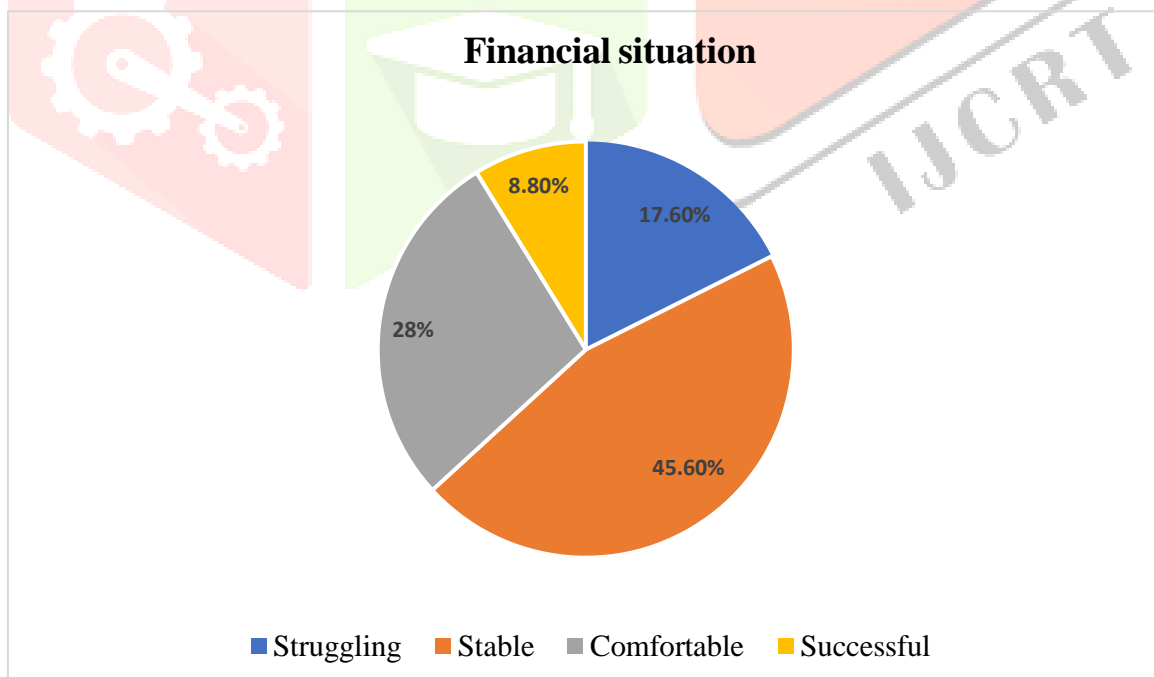
CHART NO 4.1.8**FINANCIAL SITUATION OF THE RESPONDENTS**

TABLE NO 4.1.9

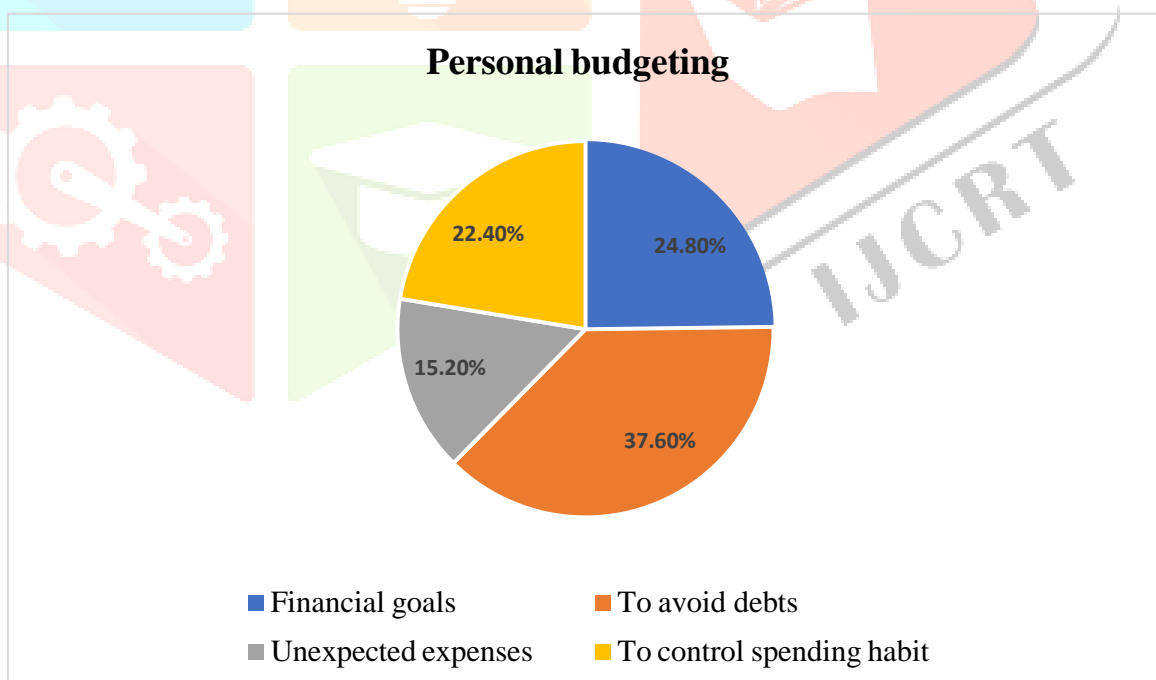
PERSONAL BUDGETING FACTOR OF THE RESPONDENT

S. No	Personal budgeting	No of respondent	Percentage%
1	Financial goals	31	24.8%
2	To avoid debts	47	37.6%
3	Unexpected expenses	19	15.2%
4	To control spending habit	28	22.4%
	Total	125	100

Sources: Primary Data

The above table shows that 37.6% of the respondents are to Avoid debts, 24.8% of the respondents are plan to make financial goals in budgeting, 22.4% of the respondents are to control the spending habit and 15.2% of the respondents are unexpected expenses. **Majority (37.6%) of the respondents are to avoid debts.**

CHART NO 4.1.9
PERSONAL BUDGETING FACTOR OF THE RESPONDENT



CORRELATION

Correlations

		Income	Saving percentage
Income	Pearson Correlation	1	.423**
	Sig. (2-tailed)		.000
	N	127	125
Saving percentage	Pearson Correlation	.423**	1
	Sig. (2-tailed)	.000	
	N	125	125

** . Correlation is significant at the 0.01 level (2-tailed).

INTERPRETATION

The above table shows the Pearson correlations, as the value for the income is 1 and rate for the saving percentage is 0.000 level of 2-tailed. Hence, it is a negative correlation. **There is a negative relationship between income and saving percentage of the respondent.**

**TABLE 4.3.1
RANKING THE LEVEL OF PREFERRED INVESTMENT OPTIONS**

INVESTMENT	1	2	3	4	5	TOTAL	RANK
STOCKMARKET	25(5) 125	25(4) 100	35(3) 105	21(2) 42	19(1) 19	391	1
MUTUAL FUND	12(5) 60	25(4) 100	25(3) 75	39(2) 78	24(1) 24	337	3
GOLD	15(5) 75	10(4) 40	18(3) 54	10(2) 20	15(1) 15	204	5
BANK	22(5) 110	33(4) 132	23(3) 69	31(2) 62	16(1) 16	389	2
BOND	17(5) 85	9(4) 36	24(3) 72	24(2) 48	51(1) 51	292	4

INTERPRETATION

Most of the respondents have chosen than stock market of preferred and ranked it as one, while the least importance is given to Recommended by gold, and ranked it as five.

INTERFACE:**Findings:**

- Majority (45.6%) of the respondents are Stable in Financial situation.
- Majority (37.6%) of the respondents are to avoid debts.
- Majority of the respondents are preferring Bond as an investment option.
- There is a negative relationship between income and rate of saving percentage of the respondents.
- Most of the respondents have chosen stock market of preferred investment option.

SUGGESTIONS:

- ❖ Keep tracking the each and every expense made by you and your family. Based on your tracked expenses, Create a proper budget with allocation of saving, expenses and any other investment plans.
- ❖ Set limits on unnecessary and dignity-based expenses, which makes you to save a greater number of money than expected.
- ❖ Each and every one should to plan a long-term goal and adjust the budget which suits your long-term goals.
- ❖ Build an Emergency Fund from your monthly income and merge with your created budget plan.

CONCLUSION

In conclusion, personal budgeting is essential for individuals to effectively manage their finances and achieve their financial goals. This process helps to reduce financial stress by providing a clear plan for managing resources and preparing for unexpected expenses. Moreover, budgeting serves as a roadmap for individuals to achieve long-term aspirations such as saving for retirement, buying a home, or pursuing further education.

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