

Awareness And Perception of Households on Personal Financial Planning A Study in Coimbatore District

Dr. D. Parasakthi¹, Nishanth B²

¹Professor and Head

²Dept of Commerce

^{1,2}Dr.N.G.P. Arts and Science College

Abstract- This study investigated the awareness and perception of households in Coimbatore district towards personal financial planning. The study found that the majority of the respondents were somewhat aware about personal financial planning and considered it vital for satisfying their economic and social needs. However, majority of the respondents did not draft a personal financial plan and did not seek help from financial experts. The study also found that there was a relationship between gender and level of willingness to adopt financial planning. Men were more willing to adopt financial planning than women. There was a relationship between monthly income and frequency of facing difficulty paying bills. Households with lower monthly incomes were more likely to face difficulty paying bills.

The study concluded that there is a need to improve the awareness and adoption of personal financial planning among households in Coimbatore district. The study also suggested that the financial education system needs to be revamped and updated to cater to the current needs of the population. It is also important to encourage more women to adopt personal financial planning.

Keywords- Financial awareness, Financial literacy

I. INTRODUCTION

Personal financial planning is crucial for managing finances and achieving a secure future. However, many households are unaware of its importance and its benefits. Lack of awareness and financial education contribute to financial difficulties and impedes households' ability to achieve financial goals. A well-thought-out financial plan helps individuals control their finances, reduce debt, and increase savings. Accessible and mandatory financial education in schools is essential for future generations to make informed decisions and achieve financial goals.

II. STATEMENT OF THE PROBLEM

This study aims to assess households' awareness and perception of personal financial planning in Coimbatore

district. Despite the growing importance of financial planning, many households are not aware of its importance. Understanding this awareness and perception is crucial for educating and encouraging individuals to take control of their finances. The findings will help financial planners, institutions, and government agencies design and implement financial education programs to improve financial literacy in Coimbatore district.

III. OBJECTIVES OF THE STUDY

1. To assess the level of awareness among households in Coimbatore district regarding personal financial planning.
2. To identify the sources of information used by households in Coimbatore district to educate themselves on personal financial planning.
3. To determine the perception of households in Coimbatore district towards personal financial planning and its importance.
4. To evaluate the factors that influence the households in Coimbatore district to adopt personal financial planning.
5. To identify the challenges faced by households in Coimbatore district in implementing personal financial planning.

IV. SAMPLING METHOD

POPULATION

For the present study undertaken, the estimated level of household population in Coimbatore district is 13,31,669.

Year	Total population	Total Households
2011	34,58,045	9,58,085
2023	48,06,683*	13,31,669**

*-estimates as per uidai.gov.in Dec2023 data

**-calculated

SAMPLING FRAME

Taluk	Population	Households	Population	Household	Sample Distribution
	2011	2011	2023	2023	
Karamnadi	137,448	39,644	1,66,284	46,068	13
Madakkari	46,762	13,123	55,044	15,250	4
Penyanickenpalayam	101,930	28,411	1,19,169	33,015	10
Sarkasamakulam	54,053	15,176	63,655	17,635	5
Thondamuthur	66,080	18,346	76,951	21,319	7
Anaimalai	71,786	21,047	88,281	24,458	7
Kinathukadavu	95,575	28,005	1,17,466	32,543	9
Pollachi North	103,284	29,780	1,24,911	34,606	10
Pollachi South	82,535	24,045	1,00,856	27,942	8
Annamur	92,453	25,952	1,08,854	30,158	9
Salur	116,324	33,594	1,40,909	39,038	11
Sulthanpet	77,364	22,922	96,145	26,637	8
Metupalayam	260,172	73,189	3,06,987	85,049	25
Coimbatore North	637,389	176,703	7,41,172	2,05,338	59
Coimbatore South	1,592,646	430,094	18,04,007	4,99,792	144
Pollachi	575,928	165,932	6,95,994	1,92,822	56
TOTAL			48,06,685	13,31,670	385

SAMPLING METHOD

Probability sampling is used in this study.

SAMPLE SIZE

The Sample size estimated for the survey is 385.

Cochran's Formula:

The sample size (n) is calculated according to the formula:

$$n = [z^2 * p * (1 - p) / e^2] / [1 + (z^2 * p * (1 - p) / (e^2 * N))]$$

Where: z = 1.96 for a confidence level (α) of 95%,

p = proportion (expressed as a decimal),

N = population size, e = margin of error.

z = 1.96, p = 0.5, N = 1331670, e = 0.05

$$n = [1.96^2 * 0.5 * (1 - 0.5) / 0.05^2] / [1 + (1.96^2 * 0.5 * (1 - 0.5) / (0.05^2 * 1331670))]$$

$$n = 384.16 / 1.0003 = 384.049$$

$$n \approx 385$$

The sample size (with finite population correction) is equal to 385

SAMPLING AREA AND SAMPLING TECHNIQUE

All the respondents have been chosen from the Coimbatore district based on **stratified random sampling technique**.

V. REVIEW OF LITERATURE

Ahmed. A., & Ahmed. I.(2021). The study aimed to investigate the awareness and perception of personal financial planning among university students in Pakistan. The study found that a significant proportion of the respondents were aware of personal financial planning, but their perception was

generally poor. The study recommended that financial education should be provided to improve awareness and perception of personal financial planning.

Kaur. S. (2021). The study aimed to investigate the awareness and perception of personal financial planning among women in India. The study found that a significant proportion of the respondents were aware of personal financial planning, but their perception was generally poor. The study recommended that financial education should be provided to improve awareness and perception of personal financial planning among women.

VI. RESEARCH GAP

There have been studies conducted on financial literacy and financial planning in developed countries, but there is a lack of studies in the Indian context, particularly in Coimbatore district. Most studies on financial planning have focused on individual financial planning and investment behaviour, with limited research on household financial planning.

VII. PERSONAL FINANCIAL PLANNING METHODS



VIII. FINDINGS AND SUGGESTIONS

SIMPLE PERCENTAGE ANALYSIS

1. Majority of the respondents belong to the age group of 31-40 years (23.9%)
2. Majority of the respondents are male (67.5%).
3. Majority of the respondents are in school level education (27.8%).
4. Majority of the respondents are married (52.7%).
5. Majority of the respondents are wage earners (33%).
6. Majority of the households are earning between 25001 to 50000 (47.3%).
7. Majority of the respondents have 4&5 members in their family (61%).

CORRELATION ANALYSIS:

1. There is a relationship between gender and level of willingness to adopt financial planning.
2. There is a relationship between monthly income and frequency of facing difficulty paying bills.

ANOVA:

1. The difference between education level and level of awareness about personal financial planning are statistically significant.
2. The difference between age and how important are different factors (savings and investment) considered before financial planning are statistically significant.
3. The difference between age and how important are different factors (Personal Budgeting) considered before financial planning are statistically insignificant.
4. The difference between age and how important are different factors (Risk and debt management) considered before financial planning are statistically significant.
5. The difference between age and how important are different factors (Comfortable retirement) considered before financial planning are statistically insignificant.
6. The difference between age and how important are different factors (Tax planning) considered before financial planning are statistically insignificant.
7. The difference between monthly income and level of vitalness of financial planning considering economic and social want are statistically insignificant.

INDEPENDENT SAMPLE T TEST:

1. There is a significant difference between gender and level of knowledge and skill you think you possess to prepare personal financial planning.

CHI-SQUARE ANALYSIS:

1. There is no association between family size and frequency of facing difficulty paying bills.
2. There is an association between gender and how you manage your expenses.

SUGGESTION

1. The financial education system needs to be revamped and updated to cater to the current needs of the population.

2. Encourage more women to adopt personal financial planning as the study reveals a gender gap in the willingness to adopt financial planning.
3. A financial literacy campaign should be conducted to make people aware of the importance of personal financial planning.
4. Provide access to financial advisors to help people with personal financial planning.
5. Encourage people to save and invest in order to secure their future financial goals.

IX. CONCLUSION

The study emphasizes the need for households in Coimbatore district to improve their awareness of personal financial planning. A research gap exists, and modernizing the financial education system is crucial. Encouraging more women to embrace financial planning is essential. Projects should encourage financial literacy, provide financial counsellors, and offer training on budgeting, expense tracking, tax preparation, and retirement planning.

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