"Managing Money – The Strategic Technique for an Expenses Tracking"

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Abstract

Money Management refers to the process of balancing one's individual wealth and income with financial needs, desires, and goals. Though some of us may survive without sophisticated money management strategies, none of us can escape financial pressures entirely. Most of us hold jobs during the most productive adult years of our lives, and the income we bring in must be managed effectively if we are to satisfy our basic needs and lead fulfilling lives. The decisions we make regarding our personal finances can be complicated, and they change as we pass through the various stages of life. While we may start our adult lives simply depositing our paychecks in bank accounts and spending most or all of that income using cash, checks, and credit cards, as we age we may find ourselves drawn more deeply into the worlds of borrowing, saving and investing, and insurance.

Money Management involves making every financial transaction worth the expense:

1. Avoid any expense that appeals to vanity or snobbery
2. Always go for the most cost-effective alternative (establishing small quality-variance benchmarks, if any)
3. Favor expenditures on interest bearing items over all others
4. Establish the expected benefits of every desired expenditure using the canon of plus/minus/nil to standard of living value system.

OBJECTIVES OF THE STUDY

To assess how individual manage their finance.

REVIEWS OF LITERATURE

Financial literacy is (Noctor et al. 1992) defined as 'The ability to make informed judgments and to take effective decisions regarding the use and management of money'. (Huston, 2010) Financial literacy is proficiency in money management, involving both the application of knowledge and the understanding. (Gema Zamarro, 2015), the research concludes that food insecurity happens not only due to insufficient income but also because of deficient financial ability. Households are likely with lower levels of education. Financial literacy is very important for the households to cope up with their limited resources and helps them to manage their money in a better way which guides them to keep away from food insecurity. Heterogeneity occurs if households manage differently with changes in the food price (Caracciolo & Santeramo, 2013; D'Souza & Jolliffe, 2012; Santeramo andKhan, 2015). The global financial literacy (Puneet 2012), survey conducted in many countries shows that due to lack of discussion within the families on the money management results in low financial knowledge within the people.

METHODOLOGY

Descriptive research type is chosen for this study. Descriptive research is an exploration of certain existing phenomena.

SAMPLE SELECTION

The different sectors of employees are selected as a respondent for the study.

SAMPLING METHOD

The method of sampling taken for the study is convenient sampling.

SAMPLE SIZE

The sample size is 536.

DATA COLLECTION METHOD

The survey was carried out by both the primary and secondary data collection method.

ANALYSIS AND INTERPRETATION

Money Management

Money Management of the respondents:-

Demographic factors	**Frequency**	**Percentage**
Preparation of monthly budget habit		
Yes	192	36
No	344	64
If yes, did they stick to it?		
Yes	71	13
No	465	87
Responsible for day to day money management decisions in household		

Self	158	29
Spouse	124	23
Family members	119	22
You and Your Spouse	70	13
You and Your family members	65	12
Maintenance of income & expenditure record of the family		
Yes	413	77
No	123	23
Monthly income saving habit		
Saving little and spend more	317	59
Save more and spend little	219	41
Spending pattern of the excess money, after meeting out all the expenses		
Purchase of household articles		
Yes	447	83
No	89	17
Keep it in cash		
Yes	71	13
No	465	87
Invest in capital market		
Yes	20	4
No	516	96
Lend it to friends or relatives		
Yes	169	32
No	367	68
Invest it in gold and Jewellery		
Yes	74	14
No	462	86
Paying off loan borrowed		
Yes	114	21
No	422	79
Stating the Level of Confidence in managing the financial needs		
Low	48	9
Neutral	45	8

High	310	58
Very High	133	25
Financial status of previous year		
Surplus	221	41
Balanced	231	43
Deficit	84	16

Preparation of Monthly Budget habit

From the Table 4.2, It is found that (36%) of the respondents are preparing a monthly budget and (64%) of the respondents are not preparing the monthly budget. It is concluded that the majority (64%) of the respondents are not preparing the monthly budget.

It is observed from the Table (4.2) that, (13%) of the respondents who prepares the monthly budget are stick to it and (87%) of the respondents are not stick to their monthly budget plan. It is concluded that the majority (87%) of the respondents are not stick to their monthly budget plan.

Responsible for day to day Money Management decisions in household

From the Table 4.2, it is found that, (29%) of the respondents are responsible themselves for day to day household money management decisions, (23%) of the respondent's spouse and (22%) of the respondent's family members, (13%) of the respondents themselves with their spouse and (12%) of the respondents themselves with their family members are responsible for their day to day household money management decisions. It is concluded that the majority (29%) of the respondents are responsible themselves for day to day household money management decisions.

Maintenance of Income & Expenditure Record of the Family

From the Table 4.2, it is observed that (77%) of the respondent's family is maintaining an income & expenditure record and (23%) of the respondent's family does not maintain an income & expenditure record. It is concluded that the majority (77%) of the respondent's family is maintaining an income & expenditure record.

Monthly income saving habit

It is found from the Table 4.2 that, about (59%) of the respondents are belongs to save little and spend more category and (41%) of the respondents belongs to the category of Save more and spend little respectively. It is concluded that the majority (59%) of the respondents belonged to save little and spend more category

Spending pattern of the excess money, after meeting out all the expenses

Purchase of House Hold Articles

From the Table 4.2, It is observed, that (83%) of the respondents, after meeting out all the expenses they will spend their excess money to purchase the household articles and (17%) of the respondents do not spend their excess money to purchase the household articles.

Keep it in Cash

It is found from the Table 4.2, that (13%) of the respondents, after meeting out all the expenses the excess money will kept as cash on their hands and (87%) of the respondents do not spend their excess money as cash on their hands.

Invest in Capital Market

From the Table 4.2, it is observed that only (4%) of the respondent, after meeting out all the expenses the excess money will be invested in the capital market and (96%) of the respondents, the excess money will not be invested in share capital respectively.

Lend it to Friends or Relatives

It is observed from the Table 4.2 that, (32%) of the respondents, after meeting out all the expenses the excess money will be lend to their friends and relatives and (68%) of the respondents will not lend the excess money to their friends or relatives.

Invest it in Gold and Jewellery

It is found from the Table 4.2 that, (14%) of the respondents, after meeting out all the expenses the excess money will be invested in gold and jewellery and (86%) of the respondents will not invest their excess money in gold and jewellery.

Paying Off Loan Borrowed

From the Table 4.2, it is observed that (21%) of the respondents are paying off their borrowed loan from the excess money after meeting out all the expenses and (79%) of the respondents are not paying off their borrowed loan from the excess money after meeting out all the expenses.

It is concluded from the Table 4.2, that the majority (83%) of the respondents, after meeting out all the expenses they are spending their excess money to purchase the household articles.

Level of Confidence in Managing the Financial Needs

From the Table 4.2, It is observed that (9%) of the respondents are having low level of confidence in managing their financial needs, (8%) of the respondents are having neutral level, (58%) of the respondents are having a high level and (25%) of the respondents are having a very high level of confidence in managing their financial needs. It is concluded that the majority (25%) of the respondents are having a very high level of confidence in managing their financial needs.

Financial Status of Previous Year

It is observed from the Table 4.2, that (41%) of the respondent's financial position in last year was surplus status, (43%) of the respondents had a balanced financial position and (16%) of the respondent's financial position in last year was at deficit status. It is concluded that the majority (43%) of the respondents had a balanced financial position in the previous year.

FINDINGS OF THE STUDY

MONEY MANAGEMENT

- The maximum of the respondents (64%) are not preparing the monthly budget.
- The majority of the respondents (87%) do not stick to their monthly budget plan.
- The majority of the respondents (29%) are responsible themselves for day to day household money management decisions.
- The maximum of the respondents' family (77%) are maintaining an income & expenditure record.
- The maximum of the respondents (59%) are belonged to save little and spend more categories.
- The majority of the respondents (83%), after meeting out all the expenses they are spending their excess money to purchase the household articles.
- The maximum of the respondents (25%) are having a very high level of Confidence in managing their financial needs.
- The majority of the respondents (43%) had a balanced financial position in the previous year.

DISCUSSIONS AND LIMITATIONS

From the analysis, it is found that the maximum of the respondents does not prepare a monthly budget and Income saving habit is also low as ratified by the research (Mohamad Fazli Sabri et al. 2008) concluded that employees are put into financial trouble due to lack of budgeting, poor spending and insufficient idea about money management and it was suggested that financial education is more important implication in the workplace. Banks and credit unions had a more chance to nurture their business. So they desired to educate the next generation that how to handle money (Closing the Gap, 2008) and a survey was conducted in different areas such as managing money, planning ahead, making choices and getting help.

Conclusion

While collecting the questionnaire from the respondent, the respondent felt that they were failing to update the knowledge about various saving/investment avenues and they are in need of training or awareness programs to convert their earnings into worthy. Most of the people are not maintaining the monthly budget; not recording their cash flow and results in lack of confidence in managing their financial needs. The individual does not have sufficient knowledge about the various types of financial product. Hence, only good knowledge and better financial planning will lead to choose a better investment plan. This can be done by providing a strong financial education in secondary and higher secondary levels of the education system which shows a foothold on an effective progression.

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