



IMPACT OF INFLATION ON FINANCIAL PLANNING OF SALARIED EMPLOYEES OF BHILWARA DISTRICT

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ABSTRACT

Inflation plays an important role in the economy of any country and is a fundamental economic concept. In simple language inflation means that when the price of goods and services increases, then the purchasing power of consumers also decreases. Inflation affects every individual, but it impacts salaried individuals more significantly. Salaried employees have a fixed income, and their income flow is constant. Additionally, their investment patterns are different. The main objective of this research paper is to study the "Impact of Inflation on the Financial Planning of Salaried Employees in Bhilwara District." In this study, the researchers collected data through a questionnaire. This paper explores the effect of inflation on salaried employees, their savings, investment and expenditure patterns, and retirement planning. By reviewing existing literature, studying current inflation trends, and understanding the challenges salaried employees face when making

financial plans, This paper delivers guidance for salaried employees in relation to financial planning.

KEYWORDS: Economy, Inflation, Retirement, Money.

INTRODUCTION

In simple language inflation means that when the price of goods and services increases, then the purchasing power of consumers also decreases. Generally, demand increases while the supply of goods and services decreases. Inflation can be either good or bad for the economy, depending on the rate and context. A moderate level of inflation is beneficial for the economy, while deflation is harmful.

Inflation has a noticeable impact on financial planning, which is a step-by-step process where individuals evaluate their current financial position and set goals to achieve their future objectives. Inflation affects a person's overall financial planning by increasing the

cost of living, decreasing purchasing power, reducing savings, and increasing debt burdens. Self-employed individuals and business owners can adjust their work according to market conditions. However, salaried employees have fixed earnings, and their salaries do not change with inflation. This is a significant challenge faced by salaried individuals when managing their finances during inflationary periods.

So for this reason, I have tried to analyze the saving and investment patterns of salaried individuals in Bhilwara district. The main aim of this study is to analyze the relationship between inflation and financial planning for salaried employees.

All these data collection via primary and secondary means will help me in analyzing the pattern of salaried class employees. The remaining paper is organized as: ii- literature review, iii- Research methodology, iv- finding, v- conclusion.

Literature Review

MARTINS (2024) This paper is based on Nigeria's current economic environment. It discusses how inflation has a significant impact on the work performance of employees and economic growth. The study found that the inflation rate in Nigeria reached its highest level in 17 years, at 22.79% in May. This high rate had a major effect on unemployment, debt burdens, and the standard of living in Nigeria.

Dumre (2020) conducted this study in Nepal. In the study, they aimed to establish the relationship between inflation and economic growth. They analyzed the economic survey and World Bank data to establish this

relationship. They suggested that the government should implement policies to stabilize inflation, so that the inflation rate can be reduced and GDP growth can increase.

SAREL studied and examined the possibility of non-linear effects of inflation on economic growth. The study found that in Canada and New Zealand, the concept of price stability is applied to prevent inflation. Inflation is considered normal only up to a certain level; if the inflation rate rises above or falls below this set level, it damages the economic structure. The study suggested that in a situation of high inflation, macroeconomic policies should be implemented to ensure that economic growth is not adversely affected.

Mwakanemela (2013) A study analyzed how inflation affects economic growth. Data from 1990 to 2011 were utilized for this investigation, which defines the relationship between inflation and growth. The research found that inflation had a significant impact on the economy of Tanzania.

Immervoll (2024) studied how micro simulation models impact inflation, taxes, and distribution policies. This study focuses on how inflation has led to low growth and high unemployment in European countries.

OBJECTIVES:

- To study the impact of inflation on financial planning of salaried class employees of Bhilwara district.
- To provide suggestions so that salaried employees can save in time of inflation

RESEARCH METHODOLOGY

In this study, the research design used is Descriptive Research Design. Descriptive research aims to describe situations and generally includes surveys and fact-finding analysis. The research design outlines the methods for data collection and data analysis.

This central point of this study to analyze the impact of inflation on the financial planning of salaried employees. descriptive design of research method is taken by researcher because it allows to gain a better understanding of the behavior of salaried employees. This design will help explore the factors influencing their financial decisions. The main aim of this research to analyze the impact of inflation on the financial planning of salaried employees.

For this research, 100 salaried individuals in Bhilwara District were studied. Data of salaried individuals was collected through Google questionnaire form. Magazines, books, reports and websites were used to collect secondary data.

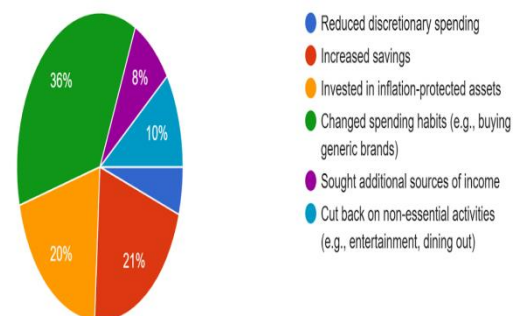
DATA ANALYSIS

Out of 100 respondents, there are 58 people in the category group of 25-35 years, which is the maximum, there are 22 people in the category group of 35-45 years, there are 13 employees in the category group of 45-55 years, there are 17 people above 55 years.

32% of the respondents have annual income of Rs.400000-600000, 25% of the respondents have annual income of Rs.200000-400000.

- It was observed in the study that 62% of the respondents are concerned about inflation, while 8% of the employees are not concerned about inflation.
- 93% of investors are concerned about saving their money during inflation.
- The study found that 86% of the respondents reduce their optional spending due to inflation.
- There are distinct types of avenues (stocks, real estate, gold, silver). It has been discovered in this study that 38% of the investors invest in stocks, real estate, gold, silver to avoid inflation.
- Out of 100 respondents 40% investors believe that inflation has also impacted the housing sector due to the increase in the cost price of raw material and labor. Similarly, if we look at the health care sector, it has also been impacted by inflation.

AGE	NO.	ANNUAL INCOME	NO.
25-35	58	Below 2 lac	22
35-45	22	2lac-4lac	25
45-55	13	4lac-6lac	32
55- MORE	7	Above 6lac	21



As shown in the data, it is observed that 36% of the respondents have changed their spending habits. 20% of the investors have invested in inflation protected assets and 21% of the investors have increased their savings to reduce the impact of inflation.

This study revealed that 63% of investors agree that inflation is leading to a continuous increase in the prices of goods and services.

Majority of 55% of participants agreed that they have to reduced their unnecessary expenses due to inflation.

Also, the study reveals that 46% of investors agree that inflation affects their financial planning.

SUGGESTIONS

This study explains the impact of inflation on the financial planning of salaried employees. Salaried individuals have a fixed income and a set financial structure, which includes monthly budgets and expenses. When inflation occurs, the prices of goods and services increase, which reduces purchasing power and affects the budgets of salaried employees.

Due to their fixed income, salaried employees face challenges, making effective financial planning essential.

Investors should invest in funds that provide returns higher than the inflation rate. They should consider real estate investments, the equity market, inflation-indexed bonds, and Treasury Inflation-Protected Securities (TIPS) to mitigate the impact of inflation. Regularly reviewing their financial plans is also crucial. To avoid the impact of inflation, investors should diversify their

investments in different avenues and prioritize inflation-protected assets.

CONCLUSION

As we know, the living conditions of the community are constantly expanding, so the salaried class has started to understand the importance of saving and properly investing their savings. Inflation has a huge impact on financial planning. Therefore, investors must carefully employ strategies that reduce the impact of inflation on their investments and secure their future.

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