

## A Study On Family Income Management In Sivakasi



### Management

**KEYWORDS :** Family income, Budget, Savings, Financial Management.

**Dr. T. Palaneeswari**

Associate Professor of Commerce, S.F.R.College for Women, Sivakasi

**Ms. P. Padmini**

Lecturer in Commerce, S.F.R.College for Women, Sivakasi

### ABSTRACT

*Financial management within the family is a hard nut to crack for many of the home runners. Managing money is tough concept whether it's budgeting, buying insurance, planning for retirement or savings. Careless and selfish uses causes to live in financial bondage. If reserved a bit of extra consciousness on the money matters, maintaining a healthy financial family is a possible task. Sound financial management requires formulation of a realistic budget. The involvement of each and every member in family is responsible for an effective family financial management. This study focuses on maintenance of budgets, accounts, purpose of savings and factors influencing efficient management of family income.*

### INTRODUCTION:

Financial management within the family is a hard nut to crack for many of the home runners. Good financial planning and achieving financial stability will also help to prevent financial crisis. Proper financial management within the family and maintaining the financial health is essential to be well supplied with economic resources. At same time improper management of wealth resources will raise possibilities in life such as get bound to bank loans and often bankruptcy. If reserved a bit of extra consciousness on the money matters, maintaining a healthy financial family is a possible task.

### REVIEW OF LITERATURE

The family is a social group characterized by common residence, economic co-operation and reproduction (Dhillon, 2002). A budget is plan-mental or written and general or specific that indicates how (quantity) and when (sequence) to allocate available financial resources among various needs and wants (Van Nortel and Wells, 2006). It was reported that the majority of the low income urban families used a budget even when it was only a mental, unwritten one and felt satisfied with their income but dissatisfied with their saving behavior (Narender Kumar and Aruna Tanjea, 2007).

### OBJECTIVES OF THE STUDY

- To identify the sources of family income and the expenditure pattern of the respondents.
- To measure the effective and efficient management of the family income.

### METHODOLOGY

The study covers 200 active respondents in Sivakasi using convenient sampling method. Both primary and secondary data are used in this study. Primary data were collected from the family members with the structured questionnaire. The secondary data were collected from various websites, magazines, books and journals. Various statistical tools like percentages, Ranking Technique and Factor Analysis have been applied to analyze the data.

### ANALYSIS OF THE STUDY

#### DEMOGRAPHIC PROFILE

The analysis of demographic profile of the respondents reveals that out of 200 respondents, a majority of 41 % of respondents belonged to the age group of 30-40 years, 62.5 % are female. 74 % of the respondents are married, and 54 % of the respondents had completed their degree. 59.5 % of the respondents are salaried employees, 46.5 % of the respondents had monthly income of ₹5000-15000 and 74 % of the respondents belong to nuclear family.

#### MONTHLY EXPENDITURE

Usually to compute the cost of living index, the major items taken into consideration are food, fuel, rent, clothing and miscellaneous. The respondents are asked to indicate their monthly expenditure details on Food, Rent, Clothing and Miscellaneous.

The analysis reveals that monthly expenditure towards rent, water, electricity, gas etc. by a majority of 88.5 % of the respondents is less than ₹5000. For food, 79 % of the respondents spend an amount of less than ₹5000. A majority of 75 % of the respondents spend an amount of less than ₹2000 towards purchase of clothes. Towards miscellaneous (Education, Medicine, Savings, Entertainment, etc) 81.5 % of the respondents spend less than ₹2000. Table 1 depicts this result.

**Table 1**  
**MONTHLY EXPENDITURE**

Expenditure (in ₹)		No of Respondents	%
Rent, Electricity, Water etc	Below 5000	177	88.5
	5000-10000	16	8.0
	10000-20000	7	3.5
Food	Below 5000	158	79.0
	5000-10000	37	18.5
	10000-20000	5	2.5
Clothing	Below 2000	150	75.0
	2000-4000	38	19.0
	Above 4000	12	6.0
Miscellaneous	Below 2000	163	81.5
	2000-4000	26	13.0
	Above 4000	10	5.0

Source: Computed Data

#### PREPARATION OF BUDGET, MAINTENANCE OF ACCOUNTS AND PRACTICE OF SAVINGS

An analysis about preparation of budget, maintenance of accounts and practice of saving by the respondents indicates that only 44.5 % of the respondents are having budget in their family. Out of these, a vast majority of 55.6 % of the respondents have budget in oral format. A majority of 52.5 % of the total respondents are not having proper accounts maintenance for their spending. A majority of 67.5 % of the respondents have the practice of regular saving out of monthly income to meet future contingencies, marriage expenses to name a few.

**Table 2**  
**PREPARATION OF BUDGET, MAINTENANCE OF ACCOUNTS AND PRACTICE OF SAVING**

	No of Respondents	%
Preparation of Budget		
Yes	89	44.5
No	111	55.5
Type of Budget		

Written Budget	40	44.4
Oral Budget	49	55.6
Maintenance of Accounts		
Yes	95	47.5
No	105	52.5
Practice of Saving		
Yes	135	67.5
No	65	32.5

Source: Computed Data

**REASONS FOR SAVINGS**

The analysis on the ranks given by the respondents towards the reasons for savings clears that the first and foremost reason is to meet emergencies.

**Table 3  
REASONS FOR SAVINGS**

Particulars	Mean Score	Rank
Emergency requirement	61.5	I
Old Age Commitments	51.7	III
Marriage Expenses	47.3	VII
Purchase Property	47.7	V
Educational expenses to Children	53.1	II
Maintain Status	49.6	IV
Purchase Jewels	47.5	VI

Source: Computed Data

**FACTORS INFLUENCING EFFICIENT MANAGEMENT OF THE INCOME**

An attempt has been made to identify the important factors that influencing the respondents to make their income management effectively. Factor analysis was used to identify the major factors. The results of the adequacy tests are presented in Table 4.

**Table 4  
KMO AND BARTLETT'S TEST**

Kaiser-Meyer Oklin Measure of Sampling Adequacy		0.629
Bartlett's test of sphericity	Approx Chi-Square	860.084
	d.f	136
	Sig	0.000

Source: Computed Data

**COMMUNALITIES**

Only six factors having Eigen Value greater than one, variance explained 65.33%. These six factors with total variance of 65.33% were considered significant, because variables are reduced to the economy size from 17 to 6 underlying factors by losing 34.67% of the content. For ideal data, the communalities (h<sup>2</sup>) should be at the minimum acceptance value of 0.5. Table 5 shows the remane for the extracted factors.

**Table 5  
COMMUNALITIES**

Factor	Eigen Value	Loadings	% of Variance	Cumulative % Variance	Communalities h <sup>2</sup>
Utilization of Income	3.276		19.269	19.269	

There is no reason to keep a landline while relying on cell phone		.827			0.737
High rate of return on investment is to be preferred		.707			0.735
Need to live within budget		.655			0.585
Need to maintain balance between income and expenses		.604			0.710
Future Indicators	2.057		12.103	31.372	
Need not bother about unforeseen expenses		.682			0.742
Usage of credit help in saving money		.676			0.628
Once budget is prepared no need to keep an eye		.654			0.605
Repeat purchase by buying in small quantities is better		.607			0.459
Awareness Factor	1.963		11.547	42.919	
Repeat purchase by buying in small quantities is better		.821			0.640
Need to create and stick on to budget		.762			0.645
Delayed payment with interest should be avoided		.541			0.630
Personal Factor	1.360		7.977	50.917	
Allotment of percentage of income for various monthly expenses is to done		.790			0.746
Cut back on the convenience foods-fast food		.673			0.628
Security Factor	1.289		7.582	58.499	
Better to have list before shopping		.812			0.629
Life insurance premium should be paid annually		.785			0.646
Alternate Factor	1.162		6.835	65.33	

Happy & healthy life will reduce the burden of medical expenses		.799			0.657
Reliable energy efficient appliances to be purchased		-.623			0.707

**Source: Computed Data**

Note: Extraction Method: Principal Component Analysis Rotation Method: Varimax with Kaiser Normalization Rotation converged in 17 iterations.

**Factor I**

There is no reason to keep a land line while relying on cell phone (0.827), High rate of return on investment is to be preferred (0.707), Need to line within budget(0.655), and Need to maintain balance between income and expenses are the items with high loading on Factor I, which is characterized as "Utilization of Income"

**Factor II**

Need not bother about unforeseen expenses (0.682), usage of credit help in saving money (0.676), once budget is prepared no need to keep an eye (0.654), and repeat purchase by buying in small quantities is better (0.607) are the items with high loading on Factor II, which is characterized as "Future Indicators"

**Factor III**

Need to create and stick on to budget (0.821), Delayed payment with interest would be avoided (0.762), Allotment of percentage of income for various monthly expenses is done are the items with high loading on Factor III, which is characterized as "Awareness Factor"

**Factor IV**

Cut back on the convenience food – fast food (0.790), and better to have list before shopping (0.673), are the items with high loading on Factor IV, which is characterized as "Personal Factor"

**Factor V**

Life insurance premium should be paid annually (0.812), and happy & healthy life will reduce the burden of medical expenses (0.785) are the items which a high loading on Factor V, which is characterized as "Security Factor"

**Factor VI**

Instead of minimizing the expenditure it is better to increase the level and source of income (0.799), and reliable energy efficiency appliances to be purchase (-0.623), are the items with high loading on Factor VI, which is characterized as "Alternate Factor"

**FINDINGS**

- ✍ Monthly expenditure towards rent, water, electricity, gas etc. by a majority of 88.5 % of the respondents is less than ₹ 5000.
- ✍ 81.5 % of the respondents spend less than ₹ 2000 towards miscellaneous
- ✍ Only 44.5 % of the respondents are having budget in their family.
- ✍ A majority of 52.5 % of the total respondents are not having proper accounts maintenance for their spending.
- ✍ A majority of 67.5 % of the respondents have the practice of regular saving out of monthly income.
- ✍ The first and foremost reason for savings is to meet emergencies.

**SUGGESTIONS**

- ✍ It is better to have a list before shopping and stick to it.
- ✍ Learning to live within our pocket necessitates preparing budget for the family.
- ✍ Maintaining of accounts in form of card/ sheet/ envelop/ notebook will help to identify the unnecessary expenses and to reduce in future.
- ✍ Buy consumer durables on cash basis only and avoid installment and credit card basis.
- ✍ Beware of eating nutritious food and exercise appropriately to improve health and avoid many, medical cost.

**CONCLUSION**

Peace, contentment, love and security in the home are not possible when financial anxieties and bickering prevail. The annual income, recording of income and annual savings are given a prime importance of consideration by the respondents because the level of income decides the level of savings. Savings is also possible if the income has proper maintenance of accounts. Keeping an eye on spending helps to set aside money for future savings. It is necessary to share financial information about the income and expenses among the family members. The involvement of each and every member in family is necessary for an effective family income management.

**REFERENCE**

- 1.Dhillon, Socio Economic Status and Family, Journal of Finance, Volume 2, Number 1, March, (2010). |
- 2.Narender kumar, Budgeting or Keeping a Spending Plan as an Important Financial Management Practice, Journal of Family Relations, Volume 5, Number 2, October. (2005). |
- 3.Van.D.Nortel, Budgetary and Non budgetary practices of Family, Journal of Family Relations, Volume 6, Number 2, November (2009). |
- 4.Singh Y.P, Effective Investment Management, Anmol Publishing, Pvt., Ltd., (2002). |