

## Financial Planning for Educated Men and Women after Retirement in India

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### Abstract:

*Planning is the first function of not only in the business but household also. Planning as far as Finance is not only essential for both men and women while during the normal age of life i.e. up to 60 years but also over 60 years i.e. after the retirement in case of job either Govt. or Non Govt. Sector. Finance Planning is requiring both men and women irrespective of their age, family status, socio-cultural or background. When we focus on the data which is published in 2011 census reflect that normal life expectancy at birth for men in India is 68 while in case of women it is 70 years. It is often seen that women get less salary as compared to men, despite being in the same profession; this is fully applicable in the non-government sector. While in case of Govt. Sector earned amount remain the same. In case of Non-Govt. Sector working cycle of women often need to take break due to birth the children and thereafter to take care of their children. Many times women leave job after marriage and very few women come back to their jobs because after marriage when there are children then in our society all this responsibility has been given to women to take care of the children. As a result at the time retirement superannuation benefit i.e. Provident Fund, Gratuity, Encashment of Earned Leave or other benefit remain lower as compare with the men. To improve the economic condition of the family, it is very important that the financial power is given in the hands of the female.*

**Key Words:** - Home Finance, Financial Secretary, Investment Planning, Insurance Planning, Retirement Planning, Tax Planning, Financial Education, Women Empowerment.

### Introduction

Financial planning is the most important thing to be happy in family life, if there is no shortage of finance in the family, and then there is peace in the family. The need for finance is not only present till the age of 60 years, but it is the beyond age of 60 years, which we call the age of retirement, after that money is needed even more because at that time the responsibilities of the family, such as children. It is very important to have finance for higher education, building a house or health related problems. We often see that even if both men and women are educated, we can manage it better than others. Talk about when we do not have any kind of financial problem, then everything is efficient, so we can say that it is very important to have finance for routine or to meet other types of important needs. In the period of Kovid-19, we have seen that when there is money in the family, then we can get the goods of our needs sitting at home and we do not have any problem. Imagine if there is no money in our account at that time, then we can do nothing.

### Review of Literature:-

Gary R. Mottola (2013) “ In our Best Interest: Women, Financial Literacy and Credit Card Behaviour” Scholars Commons USF, Volum 6 issue 2 Article4.

On study it was found that the purchasing power of the women is more than that of the man. Often credit card is used at the time of purchase. If the payment is not made on time, the payment is made with interest.

Gupta K. and Kaur J. 2014 “ A study of Financial Literacy among Micro – Entrepreneurs in District Kangra” IJRBM, Vol. 2 Issue-, February 2014, PP. 63-70

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On studying, it was found that women have a high sense of literacy in relation to financial planning, it is a impossible behaviour in terms of purchasing and savings capacity is found to be low.

Bahadur, L.R., 2015 “Financial Literacy : The Indian Story”. World journal of Social Sciences, Vol- ,Issue-3, September 2015,PP, 45-57, In accordance with the Bahadur, (2015).

It has been analysed in the study that there are two pillars of the Indian economy which include financial literacy and financial inclusion. It has been recognized that the ratio of financial literacy is very low in India which shows a negative phase for the Indian economy.

**Need of Financial Planning:** - The cost of being women:-

1. More Expensive things
2. Spendthrift nature
3. Longer life expectancy
4. The disparity in the pay scale
5. Ability to take decisions
6. No support to full back on

#### **Problems or Challenges faced by the Women**

Challenges faced by the women entrepreneurs in the country, it is crucial to first identify what they are. Once these challenges have been identified, then you can look to solve them through the various government schemes for women. The following are the challenges which face by the women in India are:-

1. **Lack of Finance:** - Several Government schemes for women entrepreneurs have been introduced recently that enable women to quickly and effortlessly get access to capital. In addition to this, there are several financial institutions that have also started to offer unsecured business loans to women to help them kick start their own business.
2. **Lack of Education:-** Illiteracy and lack of formal education has traditionally been a major hurdle for women looking to start their own business. Considering the fact that proper education leads to better management of a business, it is important for women to overcome this challenge by enrolling themselves in the various educational programs established by the government of India.
3. **Family Responsibility:** - Women to take over familial responsibilities after their marriage. Even women who wish to focus on their career are expected to juggle both work and family responsibilities equally. The lack of freedom to pursue their careers has severely limited many women from realizing their true potential.
4. **Low Risk-Taking Abilities:** - The various government schemes for women entrepreneurs can only satisfy the need for capital. However, many women interested in pursuing business are held back by their inability to take risks, which usually forms a huge part of any business.

5. **Security and Safety Issues:** - Running a business demands a lot of time and effort. Women may have to work long hours that extend well into the night and might have to travel frequently to meet their customers.

6. **Poor Networking Skills:-** With the right network, business owners can grow their business far more quickly and in a more effective manner. However, women are perceived to have less than ideal networking skills.

### **Objectives of Financial Planning**

1. Does the educated man woman have the habit of doing financial planning or not?
2. Whether there is a state of education or literacy for men and women in India while doing financial planning.
3. Is it necessary for a woman to have literacy while planning finance as compared to a man?

### **Hypothesis of Financial Planning**

In Indian society, women earn less often than men and their life expectancy is found to be more than that of men. Women's lack of literacy is also a big obstacle in making financial planning. We see that often women in the village keep in mind small things which are not so important while planning development for the family. Not only uneducated women but educated women also lack literacy in relation to financial planning, due to which they face difficulties in planning related to the right circle. Although the absence of finance literacy is also found in men, but when compared between men and women, the ratio of men is found to be higher in relation to financial planning than women.

### **Research Methodology:**

#### **(1) Why educated women in India need financial planning more than men:-**

In India, if we study about women, then it is known that according to the data of Census 2011, till date the age of male is about 67 and the age of female is about 70 years. When both are in old age or the male member dies during this period, then at that time the female face so many problems in the society. The economic condition becomes even worse if the finance power do not remains in the hands of the female from the beginning. It is also often seen in the private sector that despite being in the same profession, the salary of a woman is less than that of a man. After marriage, the woman goes on pregnancy, which they need maternity leave due to which promotion is stopped and they are not even given child care leave to take care of children, in which most of the women either do not come back to service or they are not given promotion. The result of which is that after retirement they get less amount of fund which is called Provident Fund or Gratuity amount or they also get less amount of commutation of Pension. Because of this, their investment is less than that of men till they reach age of 65 years., which often mean their portfolios do not grow as quickly when they are young. Financial Decision making power is often with the man in the family. Financial Decisions of the woman are taken either by her husband or by her son or by her brother because in most of the cases it is also seen that she is the mind (no interest in financial planning). There is less interest in financial planning and it is also believed that women are weaker than men in decision-making, which is our old ideology.

The following are the reasons for which help them making good financial decisions in case of women :-

- (1) Women are more concerned with quality than quantity
- (2) women tend to be holistic thinkers
- (3) women are conservative then man and
- (4) women are intuitive.

## **(2) Financial planning and its components require both men and women**

Financial planning is a process under which both men and women create a view in such a way that they can get financial security related to it in the future and their investment can grow well. The following basic steps are include while making financial planning (1) Keeping in mind the future, both men and women make short term, middle term and long term plans related to financial planning., (2) Both the current financial situation and net-worth are taken into consideration, (3) Data is evaluated and identified in all respects to achieve financial objectives, (4) How to implement the financial plan is also evaluated (5) Sometimes the financial plan is re-evaluated & revise from time to time due to change in circumstances. (6) How is it selected and used so that the objective of financial planning can be achieved? Besides this, following are the major components require for making financial planning (1) Planning for personal financing or debt planning i.e. personal loan and housing loan, (2) Expenditure Planning (3) Budgeting (4) Liquidity planning, (5) Retirement Planning (6) Insurance Planning (7) Estate Planning and (8) Tax planning. The advantage of financial planning is that under this every aspect of life which is related to economic suitability can be kept safe and can be diversified in its investment and security can be provided..

**(3) Financial Planning Education for Both Men and Women require in India:** - Literacy regarding financial planning education should be mandatory for both male and female as far as India is consider. The International Federation of University Women (IFUW) recognizes in financial literacy as an essential life-skill that is every human being basic right. It is very important for women to have financial planning education because most of the participation is done by women for home related and other important work. Due to the lack of knowledge related to financial planning, women in our society are facing big obstacle not only in India but in the whole world, it should be given more attention so that they can be educated in the matter of financial planning. It has been accepted and recognized that women play an important role in business or in the family, but for some reason, such as our socio-cultural, political reasons, women lack education regarding financial decisions. Women can make a financial plan related to themselves and their family very well, so it is very important to provide knowledge related to financial planning to women and manage education about it in other ways. In January 2020, keeping in mind the education of women related to financial planning, about 97 women's were asked in this regard, under which questions related to women working in academic sector, doctor sector, engineer and NGO sector were taken, which came as a surprise. Different women were asked 3 types of questions, the answers to which came, have been described in detail. Through 3 tables, an attempt has been made to explain that how much knowledge women have about financial planning, that women have in their family and society.

**Result and Discussion:** - The result was surprise that respondents were near unanimous in their view that finance education can empower women and making them in the best interest of the society and the national.

**Question 1** Can women plan well for themselves related to financial planning for their family and establish their authority through economic power in the family? Women's face many problems from the beginning like child to adult age, School College to career; she has to go through problems like divorce or widow after retirement or any kind of accident.

**Women should be financially empowered**

Response	Response in % wise
Agree	95
Disagree	0
Don't Know	05
Total	100

(Table 1)

**Question 2** Can women be educated about financial planning related education through various TV channel or through various general whether it is issued in English or issued in local language? need any kind of education related.

**FINANCIAL EDUCATION RESOURCES FOR WOMEN NEED TO BE PROPER ORGANIZED**

Response	Response in %
Agree	91
Disagree	0
Don't Know	09
Total	100

(Table 2)

**Question 3.** Can Women should be included while making financial plans for the family because women have their own identity as a mother, as a wife, as a daughter & as a sister-in-law but her decisions are within the family either with her husband decisions are taken by or by brother or by children

**Women should be involved in Financial Decision as far as family matters is considered**

Response	Response in %
Agree	91
Disagree	02
Don't Know	07
Total	100

(Table 3)

**Finding:-**

1. Budgeting Planning
2. Investment Planning
3. Liability Planning
4. Insurance Planning
5. Retirement Planning
6. Estate Planning
7. Tax Planning

**Budgeting Planning:-**Following are the words or sentence should be used while making Budget for family by the men and women:-

- Pay yourself first.
- Budgeting should be done in such a way that maximum work can be accomplished with minimum expenditure.
- Budget should be made keeping in mind both income and expenditure so that the balance is maintained.
- Small unnecessary expenses should be avoided
- A commodity is not needed, then it should be sold so that finance can be available in hand..
- Don't plan to unplanned.
- It is not that we can become rich if the salary is high, but we can become rich by reducing our spending habits.
- There can be only two ways related to happiness, either we increase our means or we redce our desires.
- Too many people spend money they didn't earn .Too many things they don't need. Want to please too many people who aren't happy with them

### **Investment Planning**

- Investment is simple but not easy task.
- Investment is women's ornaments. Investment should be done in such a way that money increases multiple times like in gold, in diamond, in land or in other valuable batteries.
- Do not put all your eggs in one basket.
- Pre-pone investment and postpone expenses.
- Time is Money
- Be fearful when the world is greedy be greedy when the world is fearful.
- Owning a home is keystone of wealth.
- Gold is good, it is forever, more and more investment is to be done in gold, so that it can be taken physically wherever it is needed, it is be sold in the market at any time either national or international price.
- **Liability Planning**
- Creditors remember more than debtors because they have to collect money.
- Borrowing or taking a loan is similar to a sorrowing.
- Many people don't care about money until it is gone whereas some people care only then their dignity remains they get respect.
- If you want to know the values of money then borrow.
- Everything can come to us that belong to us that we have the ability to achieve.
- Money doesn't give us everything, money can't buy nature, money is need, not weakness

**Insurance Planning:-**

- Financial assistance to the family can be provided by the LIC company in case of premature death through life insurance, so we should insure our life so that the family can be financially secure..
- Life insurance is like a marriage, the giver never receives in life.

**Retirement Planning**

- Retirement planning should be done well in advance before your boss reminds you of retirement time.
- When the man retires, the wife gets full time but the income remains half..
- Retirement is like a long vacation, it is full time but according to that time the money gets reduced.
- Stopping work means retirement, one should keep working so that retirement is not felt.
- Completion of work is not considered completion of expenditure.

**Estate Planning:-**

- Planning the Estate Removing the Advocate and Securing the Heir.
- It is a good habit to listen before speaking, understand before writing and earn before spending.
- Some are sitting in the shade because many people have grown them long ago.

**Tax Planning:-**

- We should also think about others so that their conditions can be met through tax.
- Tax Planning and Tax Avoidance Distinguishing between the two is like a prison wall.
- Death and tax both are compulsory but not related to each other.
- While doing tax planning, the policy of the Government of India should also be kept in mind, where there is a possibility of getting tax related exemption.

**Recommendation**

1. Saving is a positive habit and knows the difference between saving and investing. Saving at least 15% of what you earn.
2. Before spending on other works, the monthly income of the family, the amount in install or other debt should be paid.
3. The net worth increases on the basis of the amount obtained by dividing the annual salary by 10.
4. It is very important to know about Ricks before investing ,if we do not have information about the investment, then that product should be avoid.
5. We should invest in ourselves.
6. Spread your risk over assets and time.
7. Always pay credit card bill on time.
8. Before spending any big amount, we should wait for 24 hours and then take a decision so that the net worth can increase.
9. Women also have a shorter work life than their male counterparts. In India the percentage of women who leave their careers to care for their families is one the highest. Some also take up jobs with a lesser pay to support their families.
10. If you are married, keep a separate investment to generate income for the surviving spouse.

11. When you withdraw your employer provident fund, invest it. Don't spend it.
12. Observe what you spend on it. Every time you buy things, ask yourself if it is a necessary for survival. With this method, you will be able to distinguish between your needs and wants. One you build the habit of buying what you need, you will be able to free up quite some money to invest.
13. Make a note of your credit card bill and loan EMI's. Credit card charges you the highest interest. Credit cards have higher interest rates than personal loans.
14. Jewels are our support for a rainy day. Though in reality, they hold emotional value in our life. We tend to avoid selling them. If you love buying gold, use paper assets in place of jewellery.
15. Women perform many duties in the household. When you grow old, health might not permit you to do so. You will have to hire help to do the housework. You might also need an extra full-time attendant or a nurse to take care of you or your spouse.
16. Hiring a attendant takes quite an amount out of your retirement expenses. When you plan your retirement, do not forget to create a provision for this.
17. Whether your company gives you medical coverage or not, buy a Health Insurance Policy. It is difficult to predict how healthy you will be when you retire.
18. If you have a Health Insurance Policy, the insurance company is bound to cover you in old age.
19. When you go to buy a new Health Insurance Policy at the age of 6, you have to undergo medical test.
20. A whole of life cover can help you provide for a surviving spouse. Choose the option Joint Life First Death in the whole of a Life Insurance Policy.
21. From the point of view of security, 10% of the total investment should be invested in gold; it is in the interest to do so.
22. The amount of liability should not be more than 38% of the total salary in any case, if it is then unnecessary financial situation may have to be faced.
23. The EMI amount towards the housing loan should not exceed 30% of the monthly salary.
24. In connection with the construction of the house, the approved loan should be sanction in advance from the bank.
25. If any type of loan is taken while buying a car, then the loan amount should be doubled and divided by 60.
26. About 70 to 80 percent of the needs should already be met before retirement
27. The amount received after retirement should not be kept in the bank but should be reinvested so that the net worth can increase.
28. We always need money but money is not everything in life..
29. We should not ignore health.
30. Whenever you travel, the amount of money should be doubled; the amount of clothes should be half



### Government Scheme

The various government schemes provide by the bank and NBFC's offering loan for women entrepreneurs, namely:-

1. Synd Mahila Shakti Scheme and Mudra Loan for women.
2. Udyogini Scheme and Annapurna Scheme.
3. Pradhan Mantri Rozgar Yojana Scheme
4. Orient Mahila Vikas Yojana Scheme
5. Bartiya Mahila Bank Business Loan
6. Dena Shakti Scheme
7. Mahila Udyam Nidhi Yojana
8. Cent Kalyani Scheme

Bank Name	Rate Of Interest	Loan Amount	Re-payment Tenure
Centre Bank of India	7.5% p.a. upto Rs. 10,00,000=00 7.75% between 10 lakhs to 1cr.	Maximum of Rs. 1 Crore	According to the term and condition of the Bank
Bank of Baroda	According to the term and condition of Bank of Baroda	Rs. 10 Lakhs to One Crore	According to the term and condition of Bank of Baroda
State Bank of India	Competitive rate of Interest related to MCLR	Rs. 10 Lakhs to One crore	Maximum upto 07 years
Fullerton India	13% to 21% p.a.	Maximum Rs. 50 Lakhs	12 Months to 0 Months
Tata Capital	19% P.A.	Rs. 5 Lakhs to 75 Lakhs	12 Months to 36 Months
Lendingkart	15% to 27% p.a.	Up to Rs. 2 Crore	Maximum Up to 36 Months

**Disclaimer:** - the rates of interest and the other terms of the loan are subject to change at the discretion of the financial institution. Women entrepreneurs can avail of a business loan at Bajaj Markets at attractive interest rates. The funds can be used to undertake various business operations, such as expanding your business, acquiring other companies, buying new machinery or equipment etc.

**Tips or Guidance for Young Educated Women in case of Financial Planning:-**

- **Tax Planning:** - Salary person should save maximum 150,000 under section 80C of Income Tax Act 1961 and should also take exemption of HRA if the employee lives in a rented house so that minimum tax can be paid.
- **Estate Planning:** - In time, we should transfer our property to our heir so that any kind of legal action can be avoided.
- **Insurance Planning:** - We must take an insurance policy, we should discuss it with our spouse, we should also get proper information about which one is good from the insurance advisor.
- **Retirement Planning:** - At the time of retirement, we should not have any kind of liability, so we should invest in such a way from the beginning so that we do not have to face any kind of financial situation after retirement.
- **Investment Planning:** - The purpose of investment should be clear in advance and the allocation of how much to invest in which assets should also be determined in advance so that the right investment can be made.
- **Budgeting Planning:**- Monthly budget should be evaluated and credit card payment and borrow amount should be paid on time so that any kind of penalty can be avoided.
- **General Advice:** - Ability to take risk should be evaluated and expenses should be less than monthly income.

**Limitation and Future Scope**

The study targeted only the education men and women in India although the result of the study can be generalized on women who are not educated in in rural area. Exclusive studies in all men and women educated or non-educate throughout the country can bring further insights on the pattern of financial literacy. Further study is also require to identification and analysis literacy of migrant women either skill or not skill based on their socioeconomic factor and includes education or literacy using a more rigorous measure could also be investigated.

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