



Awareness among housewives regarding importance of family budgeting

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Abstract

Budgeting is simply balancing your expenses with your income. If they don't balance and you spend more than you make, you will have a problem. Many people don't realize that they spend more than they earn and slowly sink deeper into debt every year.

The present study entitled "Awareness among housewives of Gurgaon regarding importance of family budgeting" was conducted with an aim to know the awareness among housewives regarding making & usefulness of family budget. The data was collected from 75 women of Gurgaon. Door to door survey was done in order to collect the information. Questionnaire was used to collect the information. Results reveal that majority of the housewives were aware of budgeting whereas only few of them were not fully equipped with its importance.

Keywords: budgeting, expenditure, savings

Introduction

Budgeting is the process of creating a plan to spend your money. This spending plan is called a budget. Creating this spending plan allows you to determine in advance whether you will have enough money to do the things you need to do or would like to do.

If you don't have enough money to do everything you would like to do, then you can use this planning process to prioritize your spending and focus your money on the things that are most important to you.

A budget helps in planning actual operations by forcing managers to consider how the conditions might change and what steps should be taken now, and by encouraging managers to consider problems before they arise. It also helps to co-ordinate the activities of the organization by compelling managers to examine relationships between their own operation and those of other departments. Other essentials of budget include:

- To control resources
- To communicate plans to various responsibility center managers
- To motivate managers to strive to achieve budget goals
- To evaluate the performance of managers
- To provide visibility into the company's performance
- For accountability

Family Budget

The standard of living of a people is reflected in their family budgets. A family budget is a statement which shows how family income is spent on various items of expenditure on necessities, comforts, luxuries, and other cultural wants. It shows the distribution of the family income over the various items of expenditure.

Importance of Family Budgets

Study of family budgets is of very great use from the

economic point of view. That is why many economic organisations devote special attention to the study of family budgets. The economic and statistical organisation of a State Government in India makes a special study of family budgets of different classes of the people in the State.

For a householder, the study of budget is very useful. He will be able to find out from the budget before him whether his income has been properly distributed among the various items of expenditure and also whether he has been able to balance his budget or not. If the house-holder is to derive maximum satisfaction from his limited income, then mapping out of expenditure beforehand is absolutely necessary.

Economists are able to form an idea of the standard of living of the people and the measure of economic welfare which is enjoyed by them. They are deeply interested in the economic welfare of the people, which very much depends on the way the income is spent.

A man may have a very large income, but, if it is not spent in a rational manner, he may not be able to live happily as he is not getting the advantage from it. If the people waste most of their income on drinks and other harmful forms of consumption, then the economists and social reformers must sound a strong note of warning and call for urgent reforms.

Thus, family budgets are a mirror of the consumption of a people. On consumption depends the standard of living, and the standard of living determines economic efficiency, which in its turn leads to economic prosperity. There is no doubt that the study of family budgets is very useful to the economist, to the householder, the social reformer and the State.

Engles' Law of Family Expenditure

Ernest Engels was a Prussian official. He studied a number of family budgets and arrived at certain conclusions. These conclusions have been given the name of Engels' Law of Consumption.

They are

1. As income increases, the percentage expenditure on necessities of life decreases, and vice versa.
2. Percentage expenditure on luxuries and other cultural and recreational wants increases with an increase in income and decreases when income decreases.
3. As for lodging or rent, fuel and light, percentage expenditure is generally the same for all incomes.
4. Whatever the income, percentage outlay on clothing is practically the same.

It should be carefully noted that it is percentage increase or decrease in expenditure which is mentioned and not the total amount of expenditure. A rich man, certainly spends a larger sum on food and other necessities of life but the percentage expenditure on food, etc., is certainly less. This law was enunciated in Europe but it has got a universal application. It

Results & Discussion

Table 1: Information regarding Budgeting

Variables	Respondents N= 75
Budgeting is.....	
a) Planning of money for a particular purpose	70(93.3)
b) Enjoyment of resources	2 (2.6)
c) Spending Lavishly	-
d) Not aware	3(4)
Do you know how to make budget	
a) Yes	72(96)
b) No	3(4)
Do you think every family should make budget?	
a) Yes	65(86.67)
b) No	8(10.67)
c) Can't Say	2(2.67)
Is it important to make budget	
a) Yes	73(97.33)
b) No	2(2.67)
Do you know the tips of making a budget	
a) Yes	68(90.67)
b) No	7(9.33)

Table 1 reveals that majority of the respondents (93%) believed that budgeting is “financial plan for a defined period of time” where just 3% feel like budgeting means “enjoyment

applies to India also. Family budgets have been studied in almost all States of India. All these studies amply bear our Engels’ conclusions.

The percentages of expenditure may slightly vary, but these conclusions broadly hold good. A very large percentage of the small incomes go into the purchase of the bare necessities of life, whereas people with large incomes spend a small percentage of their income on such things. In the case of luxuries, the case is quite the opposite.

Research Methodology

The present study was conducted with an aim to know the awareness among housewives regarding making & usefulness of family budget. The data was collected from 75 women of Gurgaon. Door to door survey was done in order to collect the information. Questionnaire was used to collect the information.

of resources where only 4% of them were not much aware about the same

Table 2: Information regarding making of Budget

Variables	Respondent N=75
Common mistakes to be avoided while preparing a family budget	
a) Forgetting emergency fund	45(60)
b) Forgetting about small items	30(40)
Items comes under family budget	
a) Education	4(5.33)
b) Medical	5(6.67)
c) Food	2(2.67)
d) All of the above	64(85.33)
How long it been you are making budget	
a) Just started	10(13.33)
b) Last 5 years	30(40)
c) Last 10 years	25(33.33)
d) Always make	10(13.33)

Do you feel relaxed after following budget	
a) Yes	63(84)
b) No	5(6.67)
c) Not Aware	7(9.33)
Does saving become a part of your budget	
a) Yes	72(96)
b) No	3(4)
Does it provide you any help	
a) Yes	65(86.67)
b) No	6(8)
c) Not aware	4(5.33)

Table 2 reveals that 60% of the respondents believed that during budget making generally people forget to put a bracket of emergency fund whereas 40% of them believed that people forget to add small items in the family budget. Majority (85%) of the respondents were aware of the items that cover family budget. 40 % of the sample are making budget for the past 5 years, 33% of them are making for the past 10 years and equal

percent of the sample i.e. 13% of them have just started and another 13% of the are making since they started their family. Majority (84%) of the sample stated that they feel little e relaxed after making family budget. 96% of them mentioned that saving is the part of their budget and it really help them running their monthly expenses along with some savings.

Table 3: Information Regarding Saving

Variables	Respondent N=75
How much money should a family have to put into savings	
a) More than 5%	15(20)
b) More than 10%	7(9.33)
c) More than 20%	8(10.67)
d) Can't Say	45(60)
Does everyone need a savings account	
a) Yes	53(70.67)
b) No	12(16)
c) Not Aware	10(13.33)
Do you know how much should a family set aside in emergency fund	
a) Yes	45(60)
b) No	20(26.67)
c) Not Aware	10(13.33)
How would a family know that consumption is greater than income	
a) Bills are spiralling out of control	40(55.56)
b) Credit balance are rising	10(13.33)
c) Saving is negative	25(33.33)
How useful it is for us	
a) Very Useful	72(96)
b) Not aware	3(4)

It is evident from the table 3 that majority (60%) of the sample were not aware that how much money should be saved; 71% of the total sample believed in saving account, 16% of them doesn't believed I the same where 13% of them were unable to answer the same. 60% of them were aware bracket of emergency fund

56% of the respondents stated that when bills are spiralling out of control, consumption of expenses are greater than the income. 33% of them believed that when saving is negative, and 13% of them believed that when credit balancing is rising, consumption of expenses are greater than the income.

Discussion

Many people are put off by the word budget because they associate it with restrictions on spending and frugal lifestyles. That's a misconception. Budgeting does not make you spend less, but allows you to spend smart. "A good budget lets you focus your money on the things that are most important to

you," By preventing you from overspending on less important items, a budget channelizes resources to areas that should be given priority.

Overspending on eating out and clothing is the most common reason why young people lose out on the golden years of compounding

The first step in budgeting is to write down the various sources of your income. This includes salary, rent, interest on deposits, dividends, etc. Then make a list of expenses incurred in a month and allocate money to each of these heads. Include everything, from the grocery bill to what you pay the maid, from the fuel expenses to the EMI of the car etc. Anything that is paid for should be in the list. For some expenses, such as school fee or insurance premium which are paid. Research shows that households that follow a budget save more money than families that haven't laid down rules. This is simply because if a family has allocated some money for investment, that amount will automatically get invested every month. On

the other hand, the family with no budget will tend to overspend on discretionary items and push long-term goals on the backburner.

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