



A STUDY ON THE FINANCIAL LITERACY OF EMPLOYEES AT KALPA ELEKTRIKAL PVT.LTD., BENGALURU

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ABSTRACT

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Financial planning refers to formulating and attaining financial objectives and involves developing a holistic approach to oversee finances, assets, and resources effectively. To protect one's financial situation, fiscal mapping has evolved as an efficient instrument. This study helps to understand the factors influencing financial planning, the investment preferences of individuals towards various financial instruments, and to understand how to plan for securing the future financial goals of employees. The research conducted is descriptive in nature, the data is collected from a structured questionnaire through 75 employees, to analyse the effectiveness of financial planning strategies, investment plans preferred, preference to avail tax benefits, and financial goals prioritised by the employees. Data collected is analysed by using statistical tool like Chi-square. The overall study concludes that the most prioritized financial goal is saving for emergencies and buying property, here most of the respondents are aware of the financial planning and they review and balance their plans regularly.

KEY WORDS: *Financial planning, financial literacy, Investment preferences, Financial goals, Investment plans, Financial planning strategies, and Investment options to avail tax benefits.*

INTRODUCTION TO THE STUDY

Financial planning involves a systematic process designed to achieve personal life objectives, with a well-structured financial plan serving as a navigational tool throughout life's journey. Financial planning helps one to be in control of their income, expenses, and investments such that they can manage their money and achieve their goals. It provides direction and ways to take financial decisions. Financial planning of employees ensures an equilibrium between achieving financial independence and securing the future for the close ones. Comprehensive fiscal roadmap contemplates multiple aspects that can impact the financial future. These factors include current income, savings, expenses, and anticipated future income. By aligning employee's investment and savings decisions furnishes both acute and everlasting financial objectives, one can create a solid financial plan.

Financial planning has more importance in the life of employees, it encompasses more than just augmenting savings and curbing disbursements but it further entails the pursuit of various objectives such as: Wealth creation and investment, Retirement planning, Child's education, and Tax Saving.

NEED FOR THE STUDY

The obligation of this investigation is to ascertain the individual employee's financial planning, managing income by tracking expenses and budgeting, debt management and to develop strategies to manage and reduce debt, risk management for unexpected expenses, tax saving opportunities, retirement readiness, and to elevate the financial literacy, stability among employees, the study can help reduce financial insecurity.

STATEMENT OF THE PROBLEM

The research pertains to the monetary arrangement of employees and aims to uncover the causes of their challenges with budgeting, saving, and being prepared for emergencies and retirement. But the research is limited to Kalpa Elektrikal Pvt.Ltd, Bangaluru. The analysis will navigate the elements that affect the financial planning, including income levels, financial literacy, spending habits, and attitudes towards money. The research aims to classify the key challenges and barriers faced by employees in financial planning, assess the consequence of fiscal insight on their decision-making, and propose effective solutions and recommendations to enhance their capabilities and outcomes.

OBJECTIVES OF THE STUDY

- To ascertain the awareness investment inclinations of individuals towards various fiscal instruments.
- To investigate and analyse the effectiveness of fiscal planning strategies for employees in achieving their long-term fiscal ambitions and improving their financial well-being.

HYPOTHESIS FOR THE STUDY

H0: There is no notable association between financial goals prioritised and the investment option preferred to avail tax benefits.

H1: There is a notable association between financial goals prioritised and the investment option preferred to avail tax benefits.

REVIEW OF THE LITERATURE

Archan Vadalia, Sagar Vashistha, Prof. Satyajitsinh Gohil,[1] the study aimed to assess future-affecting variables like income, savings, and expenses. The authors endeavored to align employees' capital preservation and financial allocation choices with their temporary and extended durations financial objectives. It's integral to point out that a comprehensive financial plan must incorporate tax implications, as skillful tax planning can effectively alleviate the tax load.

Felix Awuku Afeti and Vishakha Kuwar,[2] a study focusing on personal fiscal strategy with salaried employment and the corresponding tactics for tax-efficient savings. The researcher compared salary earners' tax optimizations and financial preparation. The investigation revealed a correlation between annual savings, age, income, and peoples' sectoral employment designations. it is evident that salaried employees aspire to grasp their tax responsibilities from a comprehensive viewpoint, alongside the financial planning resources available to them. This empowers them to optimize their earnings by minimizing their tax liabilities effectively.

Rishi Vyas and Dr. Hiresuh Luhar,[3] the study highlights how crucial monetary mapping is in

attaining one's financial objectives and managing funds efficiently. It emphasizes that capital preservation and financial allocation in a planned manner are essential for realizing life goals. The research proposes that financial planning is crucial for becoming wealthy and achieving various goals like purchasing a house, car, vacation, and funding a child's education.

Hariharan E.K.S, Bharath M, Mageshwaran S,[4] the analysis was accomplished at Technoverse in Chennai, the objective was to analyse the fiscal mapping practices among IT professionals and within the manufacturing sector, both prior to and subsequent to the pandemic. The findings of the research indicated a discernible shift in employee preferences for planning, comparing the periods before and after the pandemic's impact. **Parth Solanki, Pankaj Patil,[5]** the investigator carried out a survey with the aim of exploring the fiscal planning practices and tax-saving strategies adopted by individuals earning salaries. However, the magnitude of study was confined to the Chennai region. Additionally, the study's objective encompassed identifying the most effective and widely favored tax-saving tools employed for minimizing tax liability, along with an exploration of the accumulated savings from the utilization of such instruments.

The bulk of the investigations were focused on fiscal planning and tax optimization strategies of employees, and it's imperative to explore the elements that effect the financial planning, understanding the type of investments opted by employees for securing financial conditions for the future.

SCOPE OF THE STUDY

The study typically encompasses various aspects related to the financial well-being and planning of the employees. It helps employees in assessing their financial goals and objectives such as retirement planning, saving for education, buying a home, etc. It supports individuals in examining their savings habits and investment choices to determine, that they are adequately getting ready for their upcoming financial situation, the students can comprehend the financial planning aspects and improve their level of financial literacy. It helps the companies by providing recommendations and potential interventions to enhance the financial planning and overall financial well-being of the employees, constructed upon the study findings.

LIMITATIONS OF THE STUDY

- Employees come from diverse background with varying income levels, expenses etc.
- Employees behaviour biases and financial decision making is a limitation for the accuracy of the data collected.

RESEARCH METHODOLOGY

The category of investigation conducted is Descriptive research, which is a scientific investigation approach that seeks to outline and record the attributes, actions, or occurrences of a specific subject or group. Its primary objective is to present a precise and comprehensive representation of the observed phenomenon, abstaining from endeavours to establish cause-and-effect connections or uncover the underlying factors driving the observed behavior.

‘Convenient random sampling’ method is used in the study, which involves selecting data points from a population in a way that’s easy and practical. This approach proves valuable for swift insights,

encompassing the mechanism of handpicking a subset of individuals or items from a larger population. 75 employees out of 700 employees from whom the responses are collected, are the sample size.

An organized questionnaires was developed with financial planning and investment related questions. Data was gathered from a sample of 75 employees chosen at random through a Google form.

Derived information is collected from the research studies, surveys, databases, and publicly available records.

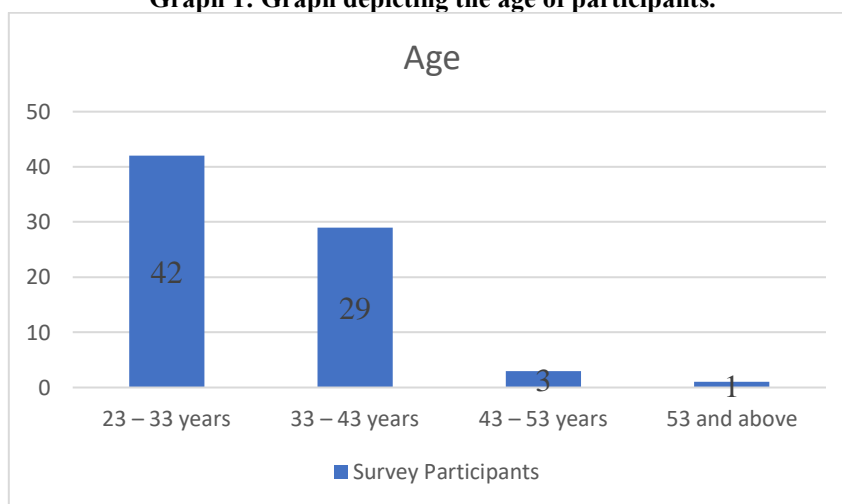
Percentage analysis, and Chi-square (χ^2) are used to analyse the data.

FINDINGS AND CONCLUSIONS

Table 1: Table depicting the age of participants.

Age	Survey Participants	%
23 – 33 years	42	56
33 – 43 years	29	38.7
43 – 53 years	3	4
53 and above	1	1.3
Total	75	100

Graph 1: Graph depicting the age of participants.



Interpretation

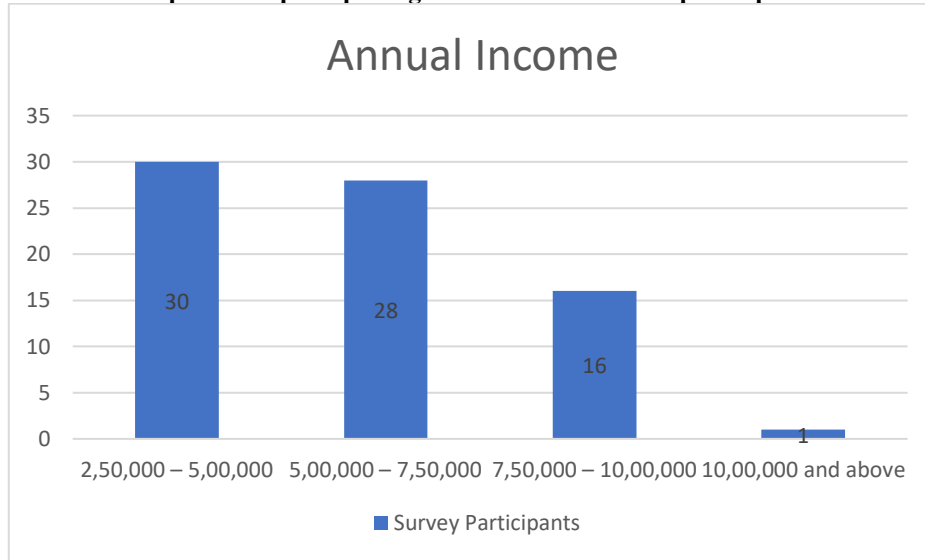
The graphic depiction above represents the age of participants. Out of the analysis it is elucidated that a greater number participants in the age group between 23-33 years which represents the largest age group

among the participants. A small number of participants in the higher age group, which means the younger age category employees are more than the elder aged category employees in the company.

Table 2: Table depicting the Annual Income of participants.

Annual Income	Survey Participants	%
2,50,000 – 5,00,000	30	40
5,00,000 – 7,50,000	28	37.3
7,50,000 – 10,00,000	16	21.3
10,00,000 and above	1	1.3
Total	75	100

Graph 2: Graph depicting the Annual Income of participants.



Interpretation

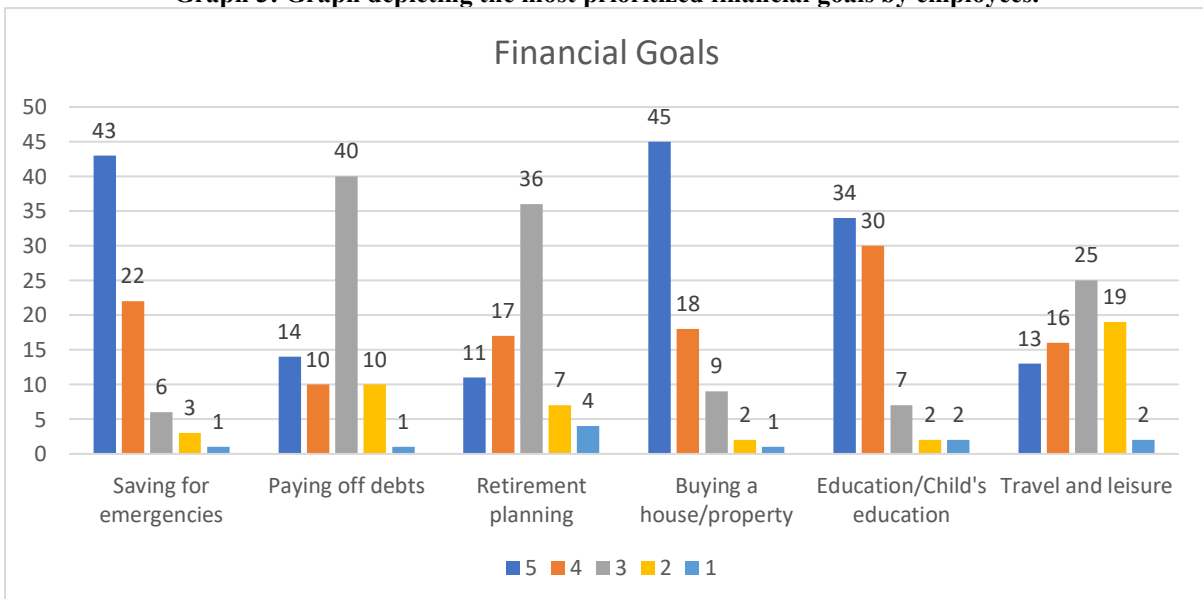
The graphic depiction above signifies the annual income of the participants. Out of the analysis it is interpreted that the mass participants fall between the income range of 2,50,000 – 5,00,000, There are only a

few participants whose income is above 10,00,000 because most of the employees are employed in production unit where salary is paid less when compared to the office salary.

Table 3: Table depicting the most prioritized financial goals by employees

Financial goals	5	4	3	2	1
Saving for emergencies	43	22	6	3	1
Paying off debts	14	10	40	10	1
Retirement planning	11	17	36	7	4
Buying a house/property	45	18	9	2	1
Education/Child's education	34	30	7	2	2
Travel and leisure	13	16	25	19	2

Graph 3: Graph depicting the most prioritized financial goals by employees.



Interpretation

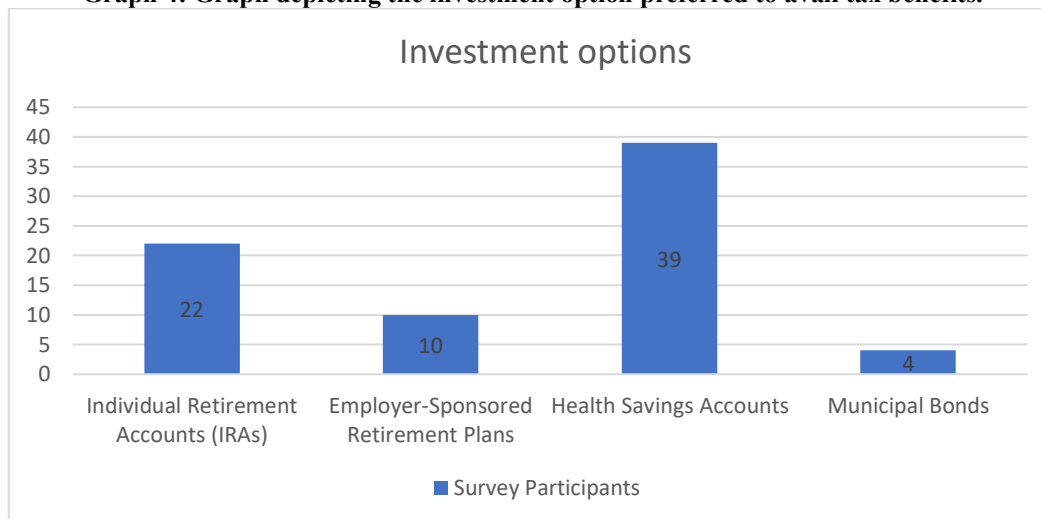
The above represents the most prioritized financial goals by employees. A greater part of the participants choose Buying a house/property and saving for

emergencies as highly important. Retirement planning is chosen as important only by few participants while prioritizing goals.

Table 4: Table depicting the investment option preferred to avail tax benefits.

Investment options	Survey Participants	%
Individual Retirement Accounts (IRAs)	22	29.3
Employer-Sponsored Retirement Plans	10	13.3
Health Savings Accounts	39	52
Municipal Bonds	4	5.3
Total	75	100

Graph 4: Graph depicting the investment option preferred to avail tax benefits.



Interpretation

The graphic depiction above represents the investment options preferred to avail tax benefits, out of the data, it is elucidated that Health Savings Accounts (HSAs) are the most esteemed option, chosen by Greater part of the participants. Municipal bonds were the least esteemed option among the participants.

❖ **Chi-square**

Hypothesis

H0: There is no notable association between financial goals prioritised and the investment option preferred to avail tax benefits.

H1: There is a notable association between financial goals prioritised and the investment option preferred to avail tax benefits.

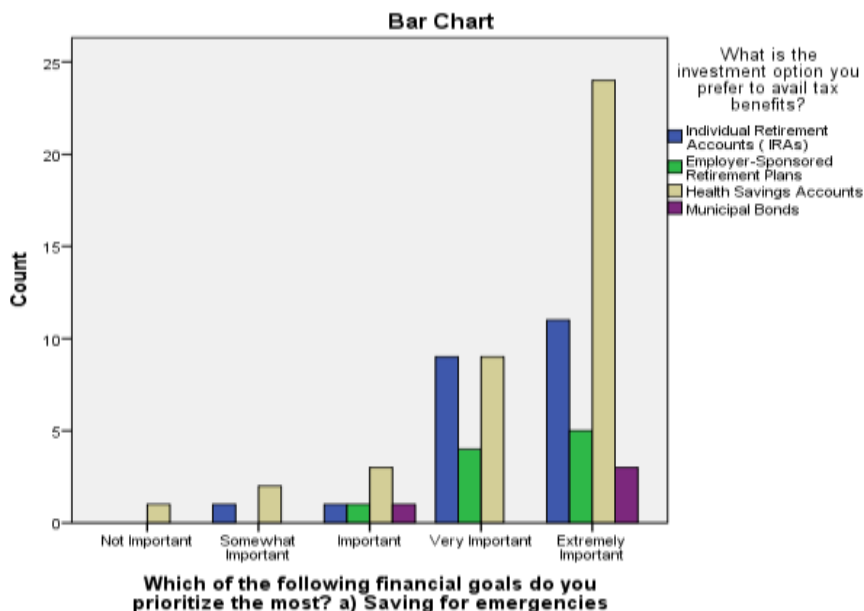
Which of the following financial goals do you prioritize the most? a) Saving for emergencies * What is the investment option you prefer to avail tax benefits? Crosstabulation

Count

		What is the investment option you prefer to avail tax benefits?				Total
		Individual Retirement Accounts (IRAs)	Employer-Sponsored Retirement Plans	Health Savings Accounts	Municipal Bonds	
Which of the following financial goals do you prioritize the most? a) Saving for emergencies	Not Important	0	0	1	0	1
	Somewhat Important	1	0	2	0	3
	Important	1	1	3	1	6
	Very Important	9	4	9	0	22
	Extremely Important	11	5	24	3	43
Total		22	10	39	4	75

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	7.176 ^a	12	.846
Likelihood Ratio	8.697	12	.729
Linear-by-Linear Association	.008	1	.929
N of Valid Cases	75		



Interpretation

t tab. > t cal.

21.026 > 0.846

Hence null hypothesis is accepted and the alternative hypothesis is rejected and it could potentially be elucidated that there is no notable association between financial goals prioritised (Saving for emergencies) and the investment option preferred to avail tax benefits.

CONCLUSION

Financial planning offers a multitude of advantages that contribute to bolstering savings, enhancing one's quality of life, cultivating readiness for unforeseen circumstances, and achieving a state of tranquillity. The goal of financial planning is to arrive at well-informed choices that are in harmony with aspirations and provide a stable financial future. The study is limited to Kalpa Elektrikal Pvt.Ltd, Bangalore, the responses were collected from a chosen group of 75 employees in a company through a structured questionnaire.

Income and savings are considered the major factors in financial planning, and quarterly reviews and updates are common. Stocks are the preferred investment type for many, driven by the desire for high returns.

SUGGESTIONS

The suggestions are drawing from the study findings, by incorporating these suggestions, the company can better meet the financial planning needs and preferences of its employees. It is imperative that the employees possess knowledge about financial planning, budgeting, saving, investing, and retirement planning. Employers should clearly communicate the various financial benefits offered by the company, such as retirement plans, stock options, insurance, and bonuses and offer flexible compensation packages that allow employees to allocate a portion of their salary towards different financial goals like savings, investments, or loan repayments. Employees must review and update their financial plans on a regular basis, and improve their knowledge in understanding the financial planning.

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