

A STUDY ON CHANGING FINANCIAL NEEDS OF FAMILIES IN INDIA

*** Mr. Pankaj Pittambar Sarawade & ** Dr. Vishnu J. Bhandare**

** Research Scholar ,/ ** Research Guide , Siddharth College of Commerce & Economics, Fort, Mumbai.*

Abstract:

Financial planning is an important aspect of maintaining financial stability. It is a tough task for every individual in an Indian household. The present paper has focused mainly on two objectives i.e. to study the changing financial needs of Indian families in the modern era and to create awareness among children about the financial need and planning. This study is based on secondary data and information that has been gathered by the researcher from various online articles and research papers related to the present study. The data has been analyzed for the last ten years (2011 to 2020) based on four parameters such as the increased number of mobile users, the number of house properties sold, the increase in gold price and health insurance premiums to find answers about the changing financial needs of Indian families. Based on the interpretation and findings, researchers made a few valid suggestions.

Keywords: Financial need, Family, Financial planning, children

Copyright © 2025 The Author(s): This is an open-access article distributed under the terms of the Creative Commons Attribution 4.0 International License (CC BY-NC 4.0) which permits unrestricted use, distribution, and reproduction in any medium for non-commercial use provided the original author and source are credited.

Introduction:

“Everyone knows that having money is useful, and not having money is very hard”

American Psychological Association states that “Socio-economic status (SES) encompasses not just income but also educational attainment, occupational prestige, and subjective perceptions of social status and social class. Socio-economic status can encompass quality of life attributes as well as the opportunities and privileges affordable to people within society.”

In India, family means a social group made up of parents and their children or a group of people living together. Due to modernization and changing living patterns of Indian citizens, every family's financial needs are changing in the modern era. Modernization has changed a lot in our families, every member of our household thinks they need privacy. For example, if there are four members in the family, then everyone wants a different type of mobile handset/smartphone. 25 years ago, there was only one telephone at home,

and expenditure on the telephone was also limited but now in the modern era, each member has a separate mobile handset, and recharge expenses for mobile are increasing day by day. The increasing use of mobiles in the COVID-19 is one of the best examples changing of financial needs of families. Everyone in every home in India must have had this experience.

In the past, school expenses were within our budget, but in today's competitive world, school expenses are out of our budget. The huge school fees are beyond our reach nowadays. This scenario is not only in urban areas of India but also in rural areas. Every parent wants the best school for their child at any cost. Spending as much as possible on weddings has become a fashion nowadays and the most important thing is to build a big house to showcase the richness and prestige of has trending practice of the people in the village. In the past, most of the people used to go to their village for holidays. But nowadays people prefer to go to the hill station and spend their holidays instead of going to their village. Many of you might have experienced that

today's generation is very smart and fast learners due to their inquisitive acumen. Schools today are also training children about personal finances, but having said that it is imperative to involve your children while making financial decisions for the family, especially the ones that will affect them, and infuse in them the value of money no matter what your economic status is. Today, while most parents want to provide their children with the best education of all, it is imperative to involve the child while creating a financial plan for the said goal. Children learn a great deal by observing. Discussions like these will create curiosity in their mind and help them understand the family's financial situation. As parents, the earlier you create financial awareness among your children, the fewer mistakes they will make as they grow up.

Although involving the family members in handling all the day-to-day finances may not be necessary, it would be prudent to discuss with them the monthly budgets and expenses. You must allow your spouse and kids to handle some of their personal and household expenses. For instance, let your spouse pay certain monthly expenses if he/she is not already doing so. This will create a feeling of being involved and the ability to contribute to the financial affairs of the family and also help them to become financially independent in the long term. Also, most teenagers use mobile phones. Give them a budget for the usage and let them pay for their expenses from their pocket money. This will help them to appreciate the importance of financial planning and budgeting. It will be easier for them to step into the shoes of the 'finance manager' of the house easily in his/her absence. Make sure that all the vital financial information is passed on to all your family members. This will avoid any confusion and stress in case of any unforeseen contingencies that may occur in the future. Also, be open and honest regarding the financial history of the family. Let your experiences, whether favorable or unfavorable be a teaching lesson

for them. Traditional time financial needs of Indian families are limited, such as purchasing a home, scooter or car, child education, etc. But nowadays financial needs have changed, for example, purchasing LED TVs, Big refrigerators, smartphones, iPhones, tab, making holidays, home interior decoration, Costly Bike, a comfortable car, costly electronic gadgets, Jewellery Etc.

How to Plan for Meeting Financial Needs:

1. Team Effort:

It takes discipline and effort from all the family members to ensure that the financial goals of the family are fulfilled. You must ensure that you have a meeting with your spouse and children to determine the monthly budget and review the expenses. Only if all the members of the family mutually make efforts to curb unnecessary expenses and work towards a common goal, can the financial objectives of the family be met. You must discuss together and develop a plan of action; which will increase the chances of bringing your wishes to fruition. Without the teamwork of members, all these wishes and dreams might never come true.

2. Financial Independence

Although involving the family members in handling all the day-to-day finances may not be necessary, it would be prudent to discuss with them the monthly budgets and expenses. You must allow your spouse and kids to handle some of their personal and household expenses.

3. Investments and Liabilities

Nomination is a process where you nominate an individual (usually a family member) to rightfully claim your assets in your absence. Appointing a nominee for all your assets will reduce the hassles faced by your family in case of your death. Your spouse must know about all your bank accounts, investments (both financial and physical), and liabilities. This will ensure that she never faces

helplessness and is never misled by any of your debtors or creditors in your absence.

4. Involving your spouse in financial planning

In our country, most financial decisions are taken by the breadwinner or the head of the family. In this process, the views of the spouse (usually the wife) are generally not taken into consideration. This may be because the spouse lacks financial knowledge or interest in the financial affairs of the family. However, as irrelevant as this may sound to you, it is extremely important to include your better half while planning or reviewing your financial plans. You might be surprised at the inputs your spouse can provide while planning your finances. The final goals of you and your spouse may remain the same such as educating and getting your children settled,

5. To avoid financial distress

Most women face the risk of financial distress in case of the unfortunate demise of the earning member of the family because they do not know how much risk covers are taken and how much investments are made, as they do not take interest and participate in financial matters.

Five ways to teach children about the importance of money

1. Start early

Children must be taught about money from an early age. For instance, you can give your little one a piggy bank to save some money. This will still be the idea of saving right from childhood.

2. Rewards and Expenses

Set some monetary rewards for doing some basic chores (such as paying electricity and telephone

bills etc.) in the house. This will help them to relate money with work. Also, encourage them to pay certain personal bills from their monthly allowance.

3. Shopping with your child

It is a good idea to take your little boy/girl out when you shop for groceries or other items required in your daily life. Children learn from what they see. Hence you should first plan your spending before entering a mall or supermarket.

4. Banking Transactions

Let your children get to know the concept of earning interest on savings. For example, pay them little interest (rewarding them) on the money they have saved out of their monthly allowances. Teach them to calculate the interest they have earned.

5. Let your child make mistakes

For some time, it is wise to let your children make mistakes while handling their share of the money and make their own financial decisions without any interruption. This is because a lesson learned from one's own mistakes is never forgotten

Objectives of Study:

- 1) To Study the changing financial needs of Indian families in the modern era.
- 2) To create awareness among the children about financial needs and planning.

Research methodology:

The present research paper is based on secondary data. Secondary data has been collected from related literature articles, different websites, e-books, e-journals, etc.

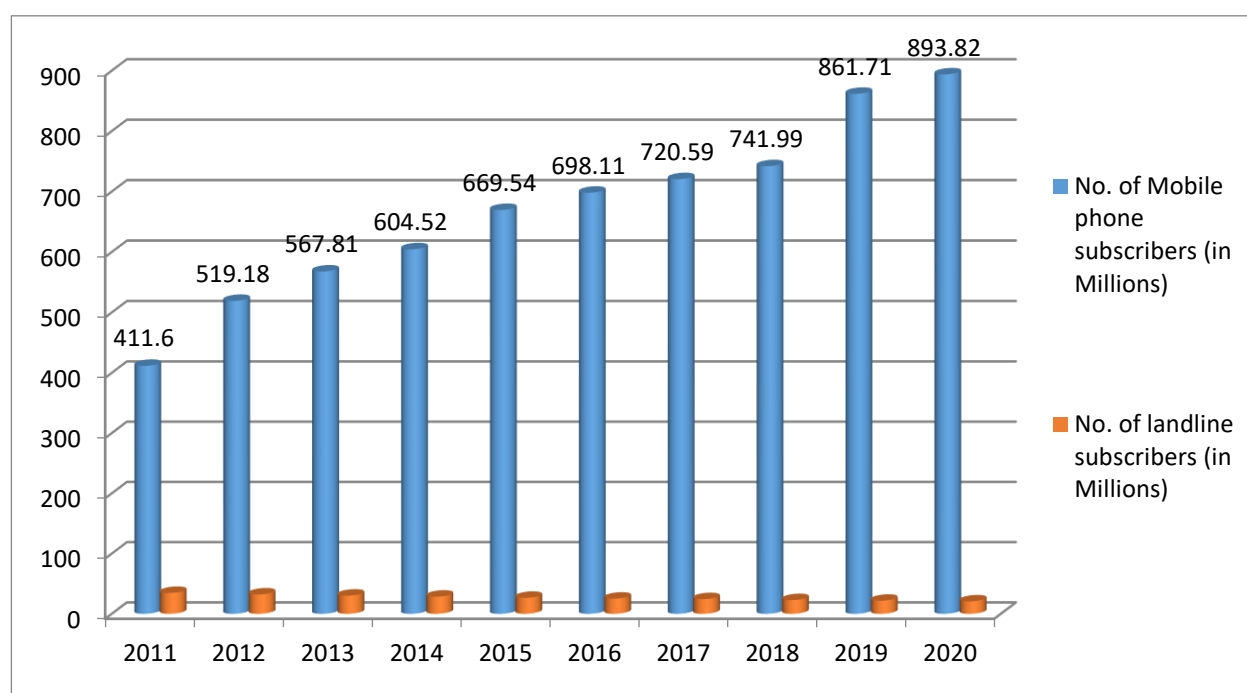
Analysis and Interpretation of Secondary Data:

Having considered the relevance of the topic, the analysis is done about the basic aspects of financial needs. i. e. increasing mobile users day by day in India, which is as under:

1. Number of landline and mobile subscribers

At the end of March	No. of Mobile phone subscribers (in Millions)	No. of landline subscribers (in Millions)
2011	411.60	34.73
2012	519.18	32.17
2013	567.81	30.21
2014	604.52	28.50
2015	669.54	26.59
2016	698.11	25.22
2017	720.59	24.40
2018	741.99	22.81
2019	861.71	21.7
2020	893.82	20.63

Source - DOT (Compiled Data) telecom statistic India 2020

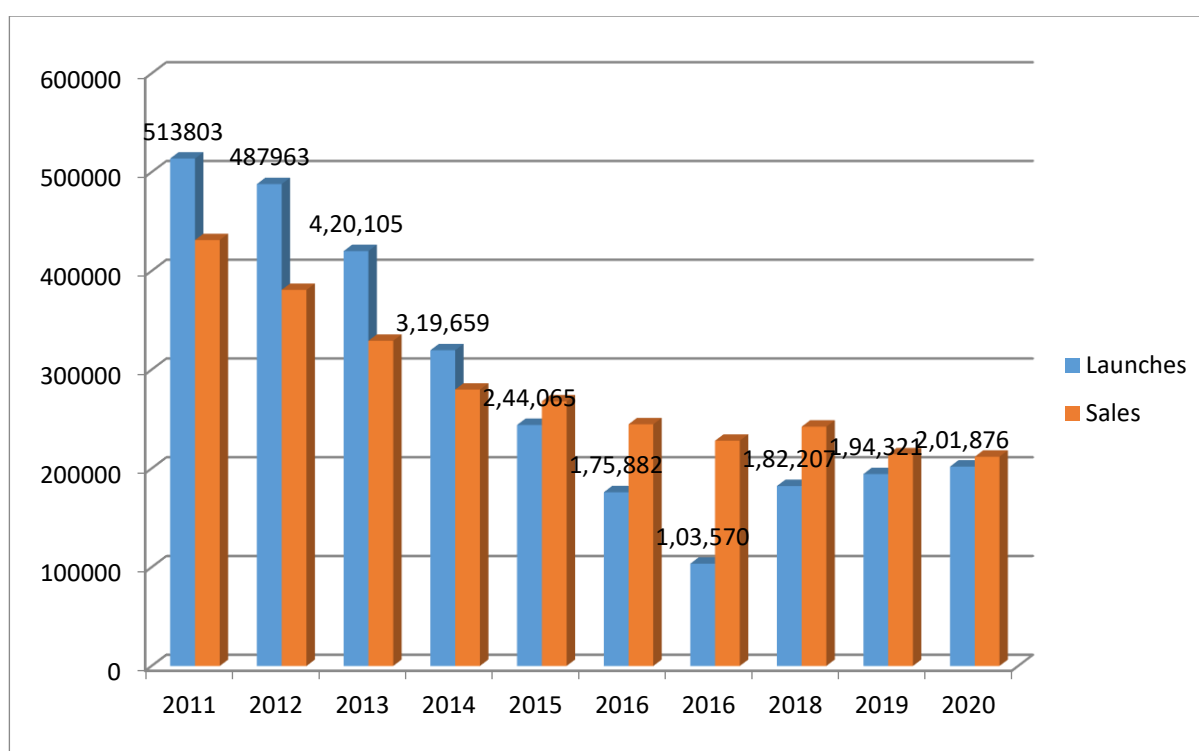


Interpretation: after comparing the ten-year data of Mobile subscribers and land line phone subscribers, there are in the year 2011 mobile phone users were 411.6 million in the year 2020 is goes 893.82 million its a mean actual increase is 482.22 million, and other hand land line phone in the year 2011 is 34.73 and the year 2020 is 20.63 million its means 14.10 million landline phone subscriber gave up the phone. It means the financial needs of families are changing now the expenditure of mobile phones is increasing day by day.

2. All India Annual Number of Residential Home Launches and Sales

Year	Launches	Sales
2011	5,13,803	4,31,218
2012	4,87,963	3,80,764
2013	4,20,105	3,29,238
2014	3,19,659	2,79,822
2015	2,44,065	2,67,957
2016	1,75,882	2,44,686
2017	1,03,570	2,28,072
2018	1,82,207	2,42,328
2019	1,94,321	2,14,327
2020	2,01,876	2,11,875

Source: Knight Frank Research

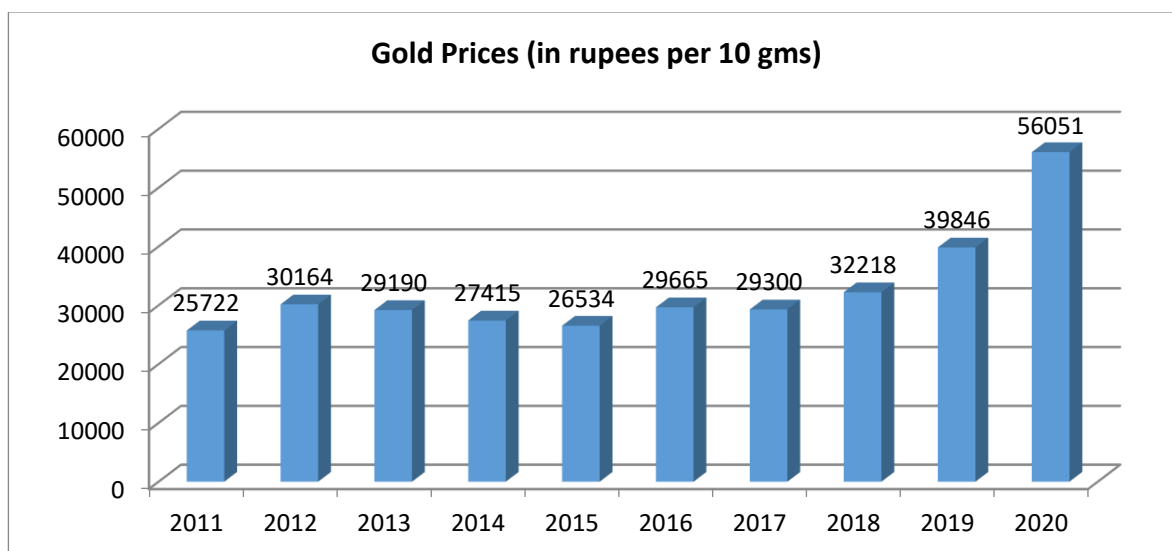


Interpretation:

after comparing the above data trends show that in the year 2011, number 513803 residential homes were launched, and out of that 431218 homes were sale its means 83.93% of homes were sold but after ten years in 2020 1, 94,321 homes were launched and 2, 14,327 homes are sold its means till inventory of readymade home selling its show that financial need of purchasing of own house is decreasing year to year.

3. Gold rate increasing due to demand in the market

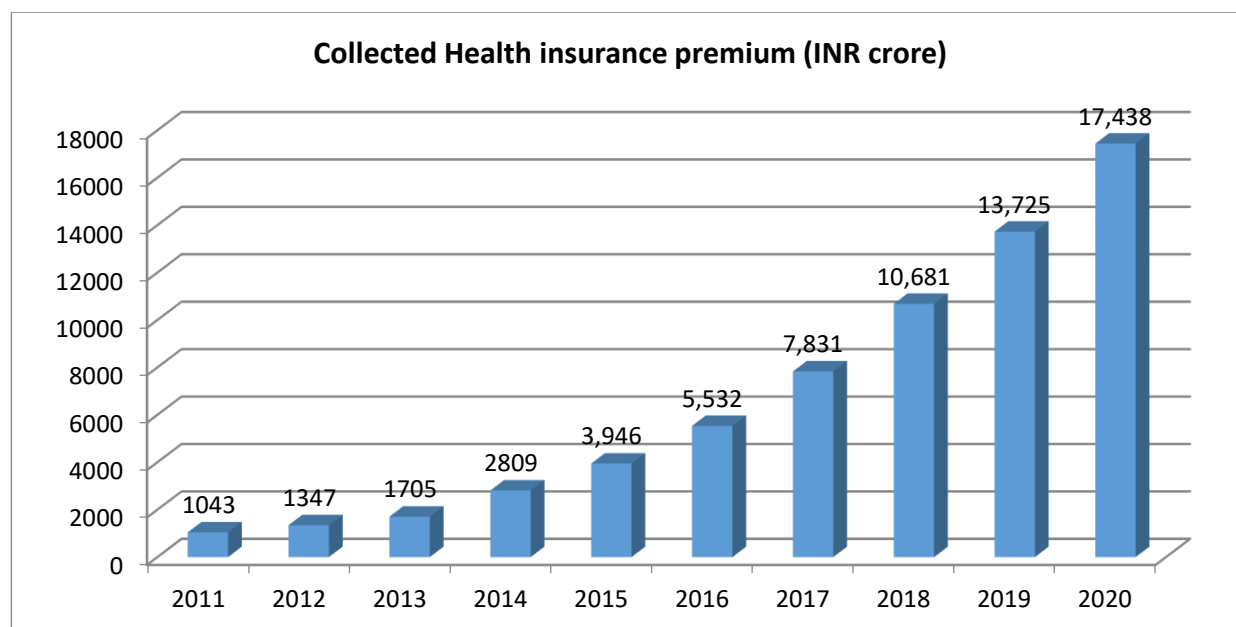
Year	Gold Prices (Rs. Per 10 gms)
2011	25722
2012	30164
2013	29190
2014	27415
2015	26534
2016	29665
2017	29300
2018	32218
2019	39846
2020	56051



Interpretation: The above chart indicates that the price of gold per 10gm in the year 2011 was Rs. 25,722 and in the year 2020 it reached Rs. 56,051. It means that Indian families interested in purchasing gold for family means family financial needs is changing.

4. Health insurance premium (INR crore)

Year	Collected Health Insurance premium (Rs in Crore)
2011	1043
2012	1347
2013	1705
2014	2809
2015	3,946
2016	5,532
2017	7,831
2018	10,681
2019	13,725
2020	17,438



Interpretation:

In the year 2011 there is only a 1043 Crore insurance premium was collected due u awareness of Indian family members' year to year-increasing collection of health insurance premiums & it goes in the year 2020 Rs 17438 Crore. Therefore, it does indicate that the financial needs of Indian families are changing towards the focus on purchasing insurance policies.

Findings of the Study:

1. The cost of mobile recharge is increasing day by day so it is necessary to keep aside some money for mobile in your monthly budget.
2. The house prices have gone beyond the reach of the common man therefore selling of houses is decreasing.
3. The fact that gold prices are going up every year shows that the financial needs of the people are more prone to buying gold.
4. People are increasingly seeking health insurance after the Covid-19 pandemic.

Suggestions:

Everyone wants to keep one's family protected. However, not many are aware of how to do so and where to begin, especially financially. Some people think that just making ends meet and protecting their family physically is enough, while some others strive to build a fortune in a bid to secure the financial future

of their family. However, for doing that, just saving and investing is not enough, as the future is always uncertain and anything can happen to someone who can turn one's financial goals topsy-turvy. Therefore, you need to do many other things also to protect your family not only financially, but also from unforeseen circumstances. Here are 6 smart ways to do that:

- 1) With growing aspirations, debt has become a part of our lives. Whether it is a home loan, personal loan, car loan, consumer durable loan, or credit card loan, a majority of people need to take some kind of loan in their lifetime to realize their dreams as well as to meet their short or long-term needs. However, borrowing is helpful in some circumstances and can also help you acquire some assets and build wealth.
- 2) Apart from having a good debt strategy, you also need to acquire some skills to manage your finances well. That is because in today's times when nothing is certain and anything can happen to one's savings,

investments, and accumulated wealth, it has become crucial for everyone to learn the tricks of money management.

- 3) The time for secured jobs is almost over. In today's times, no job is fully secured, unless it is a government one. However, there are certain expenses that everyone has to incur to survive in this world as well as to maintain one's social status.

Conclusion:

The future is uncertain and nobody knows what the future holds for one. For instance, you may be earning well enough to take care of your present as well as future needs. However, what if something untoward happens to you? In fact, anyone who has dependents and is the sole breadwinner of the family needs life insurance. That is because life insurance can not only help you generate a sufficient nest egg for your future needs but can also give your family full financial protection in case you are not around. If you have just started earning or your income is not enough to take an endowment plan as per your needs, or in case you want to keep savings and protection separately, then you should go for a term insurance plan that offers comprehensive protection for your family. In this uncertain world where almost every day we hear stories about job losses and other unpleasant incidents, it has

become vital for everyone to have an emergency fund in their portfolio. Such a fund will not only help us meet unexpected expenses but can also help us tide over a family crisis. You should keep some money in a bank account or liquid funds, which should be able to cover at least 3 to 6 months of living expenses. It's important to teach your kids the importance of saving money and equipping them with skills to invest early on. Money management is a skill they can develop at a very early stage if you guide them to the right path. This will help teach them the value of money from the beginning.

References:

1. <https://www.dnaindia.com/business/report-here-are-7-financial-planning-tips-for-couples-with-kids-2189031>
2. <https://m.economictimes.com/wealth/insure/family-trends-in-india-is-shifting-your-financial-plans-also-needs-to-shift/articleshow/66378333.cms>
3. <https://www.businesstoday.in/moneytoday/financial-planning/14-smart-personal-finance-tips-for-2014/story/202645.html>
4. <https://www.sociologydiscussion.com/family/trends-in-the-modern-family-in-india-5-trends/2455>
5. <https://www.questjournals.org/jrbm/papers/vol9-issue2/3/G09023338.pdf>

Cite This Article:

Mr. Sarawade P.P. & Dr. Bhandare V.J. (2025). A Study on Changing Financial Needs of Families in India. In **Aarhat Multidisciplinary International Education Research Journal**: Vol. XIV (Number II, pp. 22–29).