

PERSONAL FINANCIAL PLANNING AND ITS IMPACT ON INVESTMENT DECISIONS – A STUDY OF RURAL AREAS OF VIRUDHUNAGAR DISTRICT, TAMIL NADU

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Abstract: The present study throws light on determining the impact of personal financial planning on investment decision of people living in rural areas of Virudhunagar district in Tamilnadu. From the data collected from 500 respondents, it was found that majority of the respondents are engaged in Agriculture and rest of the respondents are working in Spinning mills, Match works and Fireworks industries followed by other sources of income. The respondents were asked different questions related to personal financial planning to determine the impact of financial planning on investment decision of the respondents. This study also measured the relationship between personal financial planning and demographic factors like gender, income, age, education and occupation of the respondents using Chi-square test.

Key Words: *Financial Planning, Personal Finance, Investment Decision, Demographic Factors.*

I. INTRODUCTION

The booming of personal financial planning has opened great interests in financial services industry. Personal financial planning is the process of managing one's money to attain personal economic satisfaction. Individual needs and goals change when he or she passes through different stages of life. Therefore, making personal financial planning is a vigorous process.

Finance is the backbone of everyone whether individual, corporate or government. All individuals, corporations and government require funds for operating their activities. However, an individual has to make adequate investment in their plan and direct those investments planned towards suitable vehicles to meet the desired goals and objectives. Therefore, a blooming financial and superior lifestyle is acquiring priority amongst individuals which resulted in the personal financial planning practice. Personal Financial Planning has assumed much importance in the recent years, since the financial markets have become increasingly multidimensional and as there is information disparity between markets and the common people as a result of which a person finds it very hard to take good and right financial decisions. It is a vital tool for promoting financial stability. Therefore, developed and developing countries are more focusing on programs for financial planning.

Investment Decision

Making financial decisions is a necessity and must for every individual in his life. Thus, the ability to manage personal finances has become progressively important in today's world. Investment decisions are usually concerned with the distribution of funds into different investment opportunities for the purpose of receiving the highest possible return. Individuals invest their excess money in any of the investment avenues depending on their risk-taking capacity. Thus, any individual's financial decision making purely depends on their attitude and behaviour. Also, demographic profile plays a vital role in investment decision of the individual.

The investment decision making process is very terrible and depends upon numerous factors which varies from individual to individual. People usually behave diversely while taking any sort of decisions in their life. Some people make decisions based on their own personal experience and judgment whereas others take into account different factors which inspire them to act upon such decision. In case of an individual, the investment decision varies from person to person irrespective of any category like agriculturist, housewife, businessman, etc. Investment decision signifies where the investor wants to invest whether in banks, fixed deposits, gold, property, share market, mutual funds, etc.