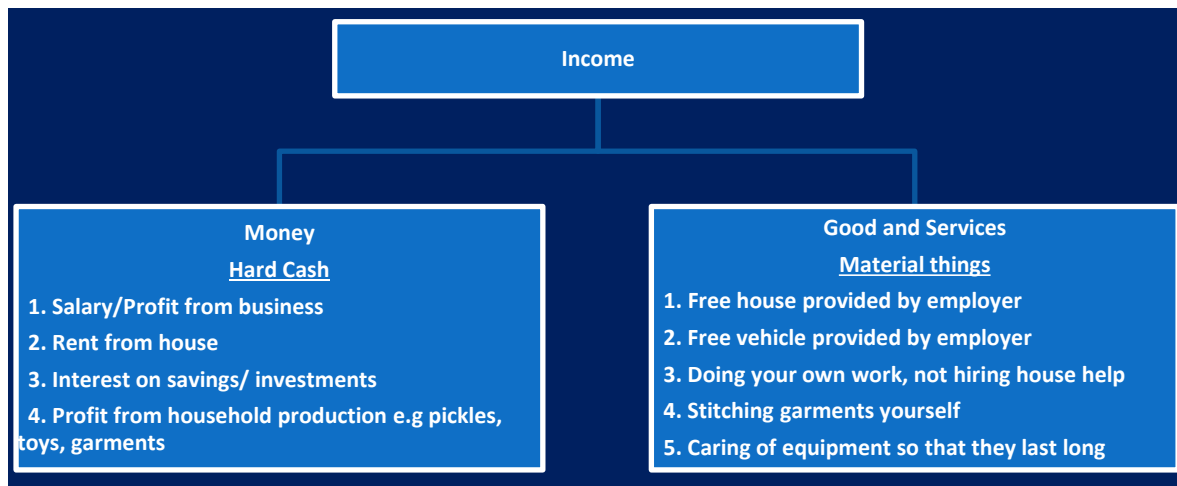


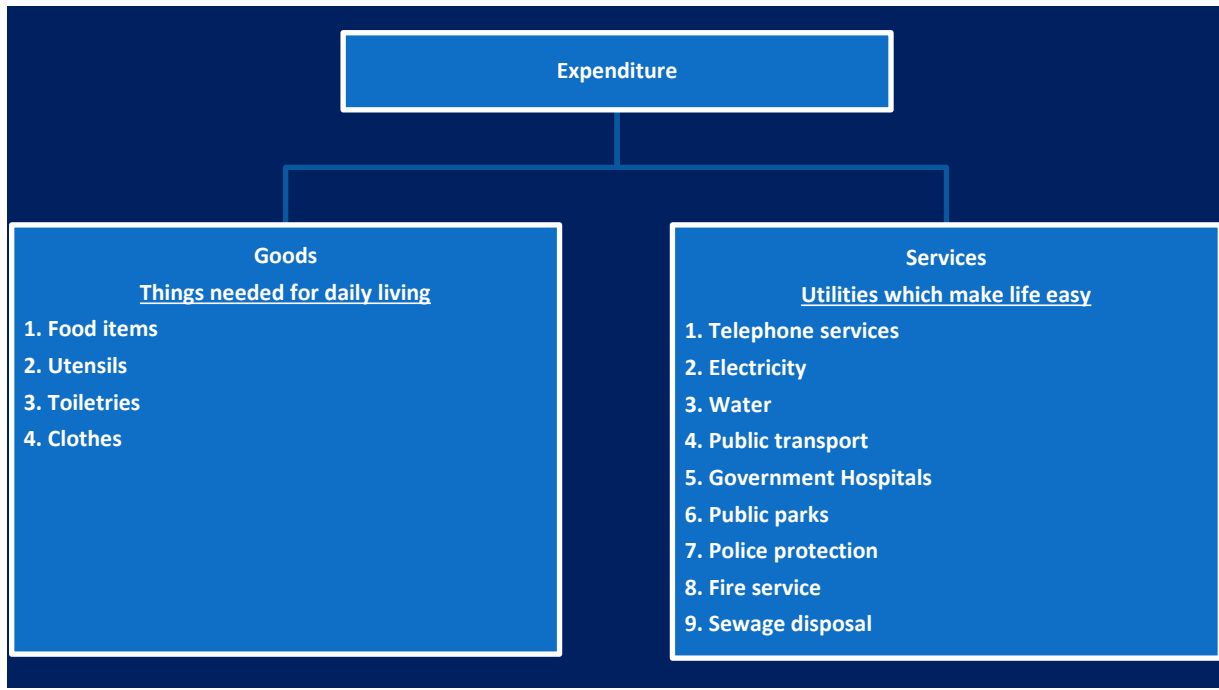
Lesson Number	Title of the Lesson	Skills	Activity
13	Income Management	Creative thinking Decision Making Problem solving Critical Thinking	Make a Monthly Expenditure Plan for your family

Summary

Income means money, goods, and services that available to the family to fulfill its needs and desires. Income Management means planned and controlled use of family income. Family income comprises of money, goods, services which are used to satisfy the needs of the family. Expenditure is the money spent on buying different goods and services required by the family. To get good returns from the money spent an expenditure plan must be made. It ensures judicious spending of money. One simple way to control the spending of money is to maintain a daily record of expenditure. To meet the growing needsof the family income needs to be supplemented. This can be doneby doing part time jobs or investing in savings which give returns. Money kept aside for emergency or future use is called **Savings**. When the savings are made to grow,they are termed as **Investments**. Banks and other Financial Institutions offer various investment schemes suitable for various categories of people. Savings are essential irrespective to the income group one may belong to.

Principal Points





Build your understanding

1. Guidelines for preparing an Expenditure Plan

- Divide the money in hand into various areas of expenditure
- Money left after fulfilling primary and secondary needs can be spent on desires
- Saving for future needs essential

2. Process of Income Management

- Planning the use of family income
- Controlling the use of family income
- Maintaining a record of Income Expenditure

3. Role of Financial Institutions

- Money deposited is safe
- Savings grow by interest
- Facility of withdrawal at the time of need
- Facility of loans

What is Important to Know

1. Advantages of maintaining a Record of Income and Expenditure

- Understand the expenses
- Check necessary spending
- Comparison of monthly expenditure
- Future planning
- Well informed about the market trends

2. Ways of Supplementing Income

- Adopt any income generating activity e.g., pickle making, stitching clothes
- Take up part time jobs
- Invest savings to earn interest
- Wise use of available resources

3. Need for Saving

- For a secure future
- For meeting emergencies
- Fulfillment of family goals
- Raise the standard of living
- Starting a small business/self-employment

4. Guidelines for savings

- Have a realistic plan
- Have a regular saving plan
- Well defined purpose of saving

5. Common Investment Avenues

- Banks
- Post Office
- Provident Fund and Public Provident Fund
- Life Insurance Schemes
- Unit Trust Schemes
- Stock Exchange
- Private Investment Companies
- Property
- Gold/gold jewelry

6. Salient Features of Investment Avenues

Banks	Post Office	Provident Fund	Insurance Policy
<ul style="list-style-type: none"> • Money is safe • Money Grows • Facility of with drawl • Facility of loan 	<ul style="list-style-type: none"> • Conveniently Located • Account can be opened with a small amount • No Income Tax Deductions on the interest of National Savings Certificate and Indira Vikas Patra/ Kisan Vikas Patra • Rebate of tax on many schemes 	<ul style="list-style-type: none"> • Compulsory deduction every month from salary • Interest on contribution • Deposit and interest both exempted from income tax • An asset for old age • Helps in development projects of the country • Two types of schemes -General Provident Fund and Public Provident Fund 	<ul style="list-style-type: none"> • Provides security against loss by natural or manmade causes • A periodic premium payment has to be made to the company by the insured person • Company pays the compensation in case of loss. • Two types-General Insurance, Life Insurance <p>General Insurance:</p> <ul style="list-style-type: none"> • Forced Saving • Provides security to the dependents <p>Life Insurance:</p> <ul style="list-style-type: none"> • Safe Investment • Provides financial security to the dependents • Forced saving • Tax rebate • Facility of loan

Unit Trust of India	Shares	Debentures	Property/Jewellery
<ul style="list-style-type: none"> • Regular Interest • Tax rebate/relief • Dividend exempted from tax • Encashments of units when in need • Units transferable • Safe Investment 	<ul style="list-style-type: none"> • Money invested in companies • Become a part owner of the company • Give high profits in short duration • Not a safe investment , chances of losing money 	<ul style="list-style-type: none"> • They are Bonds • Money loaned to a company • Money invested is returned with interest • Investment safer than shares 	<ul style="list-style-type: none"> • Possible only when the savings are large • Liquidity easy • Not a very safe investment as market fluctuates

Did you know

Factors Influencing Selection of an Investment Scheme

- Capacity to save
- Safety of investments
- Higher rate of interest
- Easy Liquidity
- Benefits like dividends and tax relief
- Purchasing power
- Convenience

Extend your Horizon

Difference between Needs and Desires

Needs	Desires
Deficiencies to be fulfilled	Non urgent requirement for life
<ul style="list-style-type: none"> • Food 	<ul style="list-style-type: none"> • Luxury items
<ul style="list-style-type: none"> • Clothing 	<ul style="list-style-type: none"> • Decorative items
<ul style="list-style-type: none"> • Shelter 	

Other facilities offered by Financial Institutions

- Credit Cards
- Debit Cards
- ATM Cards
- Loans
- e-Banking

Evaluate yourself

- Give two reasons for the need to save money
- List any four Investment Avenues

Maximize your marks

- Attempt all the exercises given in the lesson
- Mr. Rajan works in a Multi-National Company. His monthly savings are Rs 50,000/-
Which Investment Schemes will you suggest to him? Give reasons for the same