

Controlling household expenses Training Module (FLT 1)

category	<i>Non business financial training for partners</i>
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Keywords	Family budgeting for partners				
Comment	This document is a module of family budgeting training for NGO "partners" (Income Generating Programme's beneficiaries/clients). This document is a guide for facilitator.				
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2 Background

- 1) It has been observed while working with the people in the community that people are stuck in a vicious cycle of indebtedness and many are already in the debt trap.
- 2) Since community people have limited resources, they need to prioritize their expenses to take care of their needs.
- 3) It was also observed that if a calamity falls on them, they cannot sustain the additional financial burden.
- 4) They are not aware of the importance of saving nor do they know how and where to save.

Therefore the Family budget training was designed to help families improve their situation.

3 Objectives of the training

Trainer will not explain all the following objectives at the start but only explain the theme of the training in short: "Today we are going to discuss about the family income, how we spend our money & how can we save or not".

Trainer will summarize the objectives at the end of the training in a participatory way, and give some ideas on how to control & plan family expenses:

- To make "partners"¹ realize that planning and prioritizing family expenses is an essential part to achieve their goals.
- To make "partners" realize the difference between needs and wishes.
- To teach how to cut down on unnecessary and avoidable expenses
- To motivate partners to save money so that they can be prepared for the future.
- To introduce partners to the different ways to save.

4 Training details

- Total Time required **1 hour and 10 min**
- Ideal group size **10 to 12** people

5 Material required

- Black board or chart paper
- Set of tools (Charts, Pictures and diagrams)
- One small carpet

¹ Income Generating Programme's beneficiaries / clients.

6 Training Time table

Sr.	Activity	Method	Time
1	Introduction to Family budgeting training	Informal talk	3 min.
2	What are our goals & Ways of earning money?	Discussion	5 min.
3	Where do we spend our money?	Group discussion	5 min.
4	How and where to cut down expenses	Carpet Game	35 min.
5	Knowing our needs and wants & wishes	Discussion with the help of diagram.	5 min.
6.	Introduction to saving money Little efforts everyday give big results.	Picture talk	03 min.
7.	Motivating "partners" to save money	Discussion	04 min
8	Summarizing the training	Flip chart	05 min
	Total Time		65 Min

7 Detail execution plan of syllabus

7.1 Introduction of the Session/topic

1] Introduction: Time **5 min.**

Objective: To give an orientation on family budgeting /planning issues.

Required Tools	Code for Tool	Total Pieces required
Objective Written on Card sheet chart	A	1

Facilitator: Initially facilitator will explain the objectives of the training with the help of pre-written card sheet chart.

Starting of the training: Have you heard the word "Budget" in some context ? Such as "every year Govt. of India prepares the budget"? Whenever you go to a cloth shop to buy a saree, the shopkeeper asks you about your budget. If you say 500 Rs, he will not show you Sarees of more than 500 Rs.

Budgeting mainly consist in planning and managing available funds.

Planning is important as we have limited resources to fulfil our unlimited desires.

7.2 What are our goals of earning?

Time required : 05 min

Objective: To understand that the ultimate goal of our family life is happiness and satisfaction for all. As happiness cannot be bought, we should rather say: decent or comfortable living conditions for all our family members

Facilitator: Asks question to the group: How & why do we earn money?

What are the ways of earning?

Expected answers:

- By doing business
- Job
- Daily wages
- From house rent, auto rent
- From bank deposits, shares, fixed deposits
- Farming...

What is the maximum type of resources a person can have? No maximum & minimum one.
But why do we earn the money?

Expected answers

- To provide shelter, food & clothing for family members
- For children education
- For daughters' wedding (remind participants that dowry is illegal in India since 1961...)
- To renovate the house etc.

Message: Ultimately we are trying to make *life comfortable* for all our family members.

7.3 Where and how do we spend our money?

Objective: Make partners understand the heads of expenses

Time 10 min.

Facilitator: Ask question to the participants: Can we fulfil all our dreams with our income? No. Ask them why & list the following expense heads.

Asks partners to discuss in group and provide their list.

Expected answers

- | | | |
|--|-----|-----------------|
| 1. Food (Home expenses –Grocery, milk, vegetable etc.) | 04 | Facilitation |
| 2. Shelter (House rent, Home loan repayment) | 0.5 | Explain |
| 3. Basic Clothing | 01 | Explain |
| 4. Fashionable clothing | 03 | Facilitation |
| 5. Education of children | 01 | Explain & Facil |

6. Pocket Money (Chocolate, ice cream, sweets for children)	03	Facilitation
7. Addiction (Alcohol, cigarettes, tobacco, Mishri...)	03	Facilitation
8. Jewellery	03	Facilitation
9. Cinema and Entertainment, Cable Bills	03	Facilitation
10 Medication,	03	Explain
o Illness		
o Maternity		
o Operations		
11 Social & Family functions	04	Facilitation
o Marriage		
o Feast on child birth, death ceremonies		
o Pilgrimage		
o Giving gifts on social occasions		
o Celebrating festivals		
12 Paying water tax, House tax, Phone Bills, Light Bills	0.5	Explain
13 Guest expenses	03	Facilitation
14 Travelling expenses	01	Explain
15 Loan Instalment	01	Explain
16 Saloon & Beauty Parlour	01	Explain
Total Time required	35 Min.	

Group will come up with a detailed list and facilitator will try to put that under specific heads.

7.4 How and where to cut down expenses?

Objective: Make “partners” understand that unnecessary expenses need to be avoided.

Time required : 25 min.

Method used : Carpet Game

Tools Required :

Activity	Required Tools	Code for Tools	Total Pieces required
Carpet game	Carpet	B	1 Can be used in training venue, if not available use Newspaper.
	Expense Items with safety pins	C	15

Facilitator: Ask participants to stand in a circle and then distribute chit of each expense head & ask participant to attach it on their clothes with the help of safety pins.

Then the facilitator places a small mat on the floor and asks all participants with chits to stand on it.

During the game participants realize that everybody cannot fit on the mat. Then trainer asks them to sit around the mat and justify why that particular expense head is important and whether it should be place on the mat or not. (This game creates a

nice atmosphere to discuss on how much should be spent on each head; e.g. some expenses only get enough space to keep one foot on the mat, such as entertainment).

At last, the facilitator sums up the discussion.

Tips for Facilitator:

Facilitator will facilitate the discussion by remembering the process carried during the game. He will initiate the discussion according to the expense item as below:-

1) Food (Grocery, Milk, Vegetables, non-veg food)

Can we cut down on these expenses? Yes or No. If yes, how?

Participants will answer:

- Yes. Instead of buying many times, if we buy once in a month in a bulk, we can get discount & also we can buy from Wholesale Market.
- How many times we have Non-veg food in a month? If 4 times, can we cut down on that expense?
- Everyday, we prepare food at home. But many times, we prepare more than required. Can we better plan so that we can reduce the expenses on Cooking gas, Rice, Oil, Vegetable etc.
- If I have two children & they ask me pocket money for chocolate, I'm used to giving 2-3 Rs., But if we make some snacks like Poha, Upma at home, how much does it cost?

2) Shelter/House rent, Home loan Instalments :

Can we minimize expenses on shelter? No. If no, why?

3) Basic Clothing:

It includes two parts: 1) Basic clothing 2) Fashionable clothing

Basic clothing includes daily clothes, uniforms, on which we can not cut down.

4) Fashionable Clothing :

Eg: if my neighbour buys one saree- Paithani, and I buy the same though I don't need it. If my child have 3-4 new clothes at home and I buy more as per fashion like pocket jeans; if I buy sarees to look like TV serial actresses (Wahinisaheb, Tulsi).

=> Can we cut down on these types of expenses? Yes.

- 5) **Education of children:** Can we cut expenses of books, notebooks, school fees? No, not at all. Actually this is not an expense, this is an investment for the future.

6) Pocket Money for Children (Chocolate, ice cream, Lays/Kurkure for children)

How much money do you give to your children when they cry, they are not willing to go for school? Rs. 1, 2? No, nowadays children do not accept Rs. 1 or 2!

They will come up with answer like Rs. 5/- How many times you give them money within a day? 2-3 times. Have you counted total monthly expenses for pocket money? At least Rs. 150/Child /Month. That means Rs. 150 x 12 Months = 1800 /year for 1 child. If you keep this money in a bank or post office account under your child's name, that could be future investment for your child.

Also they buy chocolates from that money, due to which health problems may occur like teeth problem. Many times children eat unhygienic, fast food from that money, and this also create health problems & again we need to expense on medical.

When we take the habit of giving pocket money to the children, sometimes they may misuse that money.

7) Addiction (Alcohol, cigarettes, tobacco, Misari...):

How much do we spend on that? If we use Masheri (Kachha Tobacco) every day, how much does it cost? What is the effect of that? Some people do not have these types of addictions, but they have tea 10-15 times for a day. If we count 2 Rs per Cup of tea, how much can we save per day & thereby per month, per year? Some people eat Supari², Cardamum, due to habits. We know that it could not get stopped completely but we can reduce the expenses on that & thereby can save the money.

8) Jewellery

Everyone likes to look smart. No doubt, jewellery adds to our beauty but we should think, how much it is necessary & thereby about saving. We see actresses in TV serials & try to look the same. But we never think that the actresses never pay from their pocket for what they were on TV. There is someone else who is paying for that. Is not the case for us. We are paying from our own pocket. So we should think accordingly.

9) Cinema and Entertainment, Cable bills :

Entertainment is an important part of our life without which life might appear more boring. How many times do we go to the cinema, Drama, Orchestra? Some people watch movies every week, whenever they get their weekly payment. Can we reduce that & save the money?

10) Medication: We spend mainly on three items -

- Illness
- Maternity
- Operations

If we take some medical policy, that would be useful for us? How many of you go to Government Hospitals? Why we are not going to Govt. Hospitals or the hospitals runned by trust?

Social & Family functions:

11) Social functions:

○ Marriage

Recently who has celebrated the marriage of their Son/Daughter or planned to celebrate? What kind of expenses we do for it? Share the different answers coming from participants. Which expenses are really most needed? Which expenses can be avoided? Instead of squandering money on celebrations, if we give dowry³ money in cash, it could be helpful for the young couple family to start new business or for buying a house. (If groom is a rikshaw driver, hiring the rickshaw, he could buy a new rickshaw from that money). So which is more essential?

² Paan, Betel, areca nut.

³ Remind partners that dowry is prohibited since 1961. (cf. **Dowry** Prohibition Act, 1961)

○ **Feast on child birth, death ceremonies:**

We people are really wonderful. One can understand the celebration of birth, but we also celebrate the dead (10th Day, 13th 7 14th Day after death, and then every year we celebrate Aayonavmi, Pitrupandharvada, Warshashraddha). How much money we spend on that? Can we cut that? If yes, in what way?

How do we celebrate our children's birthday? Invites relatives, neighbours, friends. Prepare non-veg food for them. Accepting gifts for them, Decorations, cakes, snacks etc. That's happy moment in our life but we should keep some limit for that. How much do we spend for that? At least Rs. 5000/- . If we celebrate that in a simpler way & keep the extra money on a bank account in the name of the child, that could be helpful for paying the fees for some better course after his 10th or 12th grade. Among the people who accompany you during the celebration, think how many of them would help you when you face money problem?

○ **Pilgrimage , Celebrating festivals, Superstitious belief:**

We believe in God. Human being itself is a gift of God. So we go to visit some holy pilgrimage places, spend money on transportation to go there; we buy saree for goddess, cut the cock or Goat at that place believing to fulfil God's will. But who else could eat this food? We.

○ **Giving gifts on social occasion:**

Whenever we go to a wedding, what type of gifts do we give to the person? Even though we do not have financial capacity to pay for that, we borrow the money to preserve our social status. Is this essential?

12) Paying water tax, House tax, Paying Phone Bills, Light Bills

Can we reduce these costs?

Can we reduce that? If yes, how we will reduce this. Turn off the light when you are not using that room. We pay for Cable on monthly basis, so we used to watch TV every time to take advantage of paid money. Everyday we are watching TV serials; whenever our children ask questions about their homework, we ignore that & concentrate on serials. Which is more useful? Helping children in their study or watching serials? We should think. Also we waste electricity on that.

Our children also watch TV with us. When our daughter watches the serials related to Bride & Mother in law, she might have wrong pre assumptions in that relations & could spoil that one also.

13) Expenses for Guest :-

What we do when guest arrive at our home? We prepare non-veg food. How much is the cost for 1 Kg of Chicken or mutton? Rs. 180/Kg. Also for masala, oil, we need to pay separately. Is it necessary to prepare chicken every time for guest? Sometimes we buy clothes for guest. Why do we do that? Whenever we go their home, they will also do the same for us. And if not, they will speak bad words about us. But if we oppose for that, they will also not accept from us. We need to start from our side first.

14) Travelling expenses :-

We need to travel by Bus/train, Auto to go at our work place, for routine work, to go at hospital, to go to relatives. Can we curtail these expenses? For children, we used to pay on monthly basis for school bus or auto or monthly travel pass which can not get reduced.

15) Loan Instalment :

(This expense item is used only for those organizations who are conducting IGP⁴ programme. For another organizations having SHG⁵ activity, can cover loan repayment along with item no.2)

Is this item is necessary or not? To pay the loan instalment in a time is our responsibility because loan fulfils our timely need.

16) Saloon / Beauty Parlour :(Facilitator will explain this expense item only if needed, after observing the group)

Can we cut down on these expenses? If yes, how? If we do the shaving at home, how much it cost? Rs. 1.50/- for Blade. If we do it at saloon shop, how much we required? 10 times more : Rs.15/-.

After facilitating the above discussion, facilitator will again conduct the carpet game to summarize the discussion.

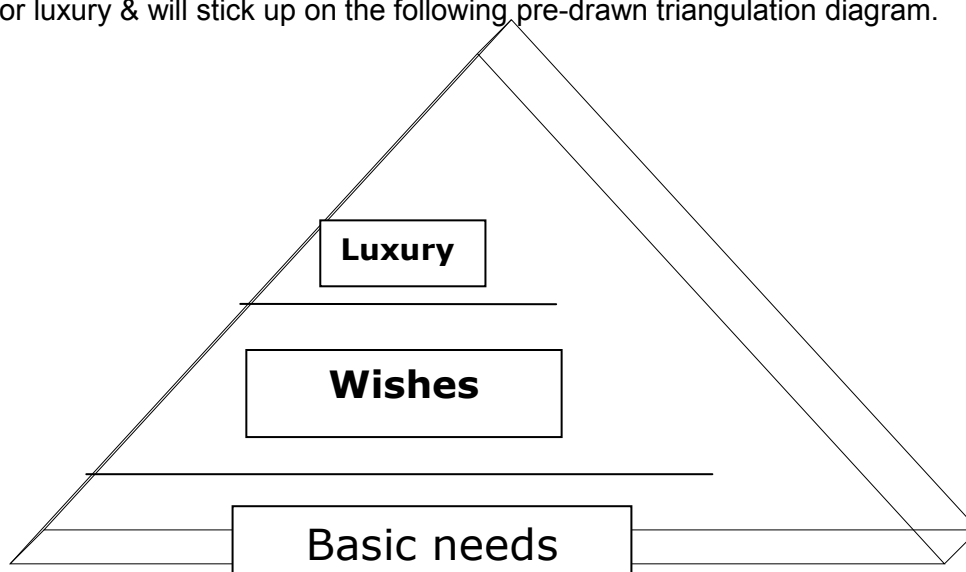
7.5 Knowing our needs and wants

Objective: Make partners aware about the pyramid of needs, wants and luxury. Time **10** min.

Tool used :

Activity	Required Tools	Code for Tools	Total Pieces required
Knowing Needs & wishes	Card sheet chart with Triangulation diagram	D	1
	Expense Item	C	15

Facilitator: Shows the diagram of the pyramid and asks partners to classify under needs, wants and luxury. Each participant will try to categorize their expense item of carpet game as need, wishes or luxury & will stick up on the following pre-drawn triangulation diagram.



⁴ Income Generating Programme

⁵ Self-Help Groups

Message: Avoiding discretionary expenditure whenever possible.

Tips for Facilitator: Ask participants to divide these expenses into three categories:

- 1, Basic Needs – The expenses which we cannot avoid i.e. Unavoidable expenses
- 2, Wishes – the expenses which we want but can somehow cut down
- 3, Luxury - the expenses which can be completely avoided.

Basic Needs (Expenses which we can not avoid) <i>Garjeche Kharcha</i>	Wishes (the expenses which we want but can somehow cut down) <i>Havehaveese Watnare Kharcha</i>	Luxury (completely Avoidable Expenses) <i>Chainiche Kharcha</i>
Food	Entertainment	Fashionable clothing
Shelter	Social & Family functions	Pocket money
Basic clothing	Guest Expenses	Addiction
Education of children		Jewellery
Taxes, Light bills, phone bills		Saloon & Beauty Parlour
Travelling Expenses		
Loan Instalment		
Medication		

7.6 Introduction to saving money

Objective: To understand the results of saving money. Time required : 05 min.

Tools Required

Activity	Required Tools	Code for Tools	Total Pieces required
Introduction to saving money	Germination Diagram	E	4

Facilitator: With the help of the germination diagram, the facilitator explains how small savings can achieve big targets.

Facilitator will show the front side of pictures E-1, E-2, E-3 & E-4, one by one. & ask the participants to describe them. Answers would be like this:

Front side

E-1 : Seed

E-2 : Newly grown bush

E-3 : Medium size Tree

E-4 : Huge tree

Then facilitator will show the backside of the picture in a same sequence & ask participants to describe.

Back side

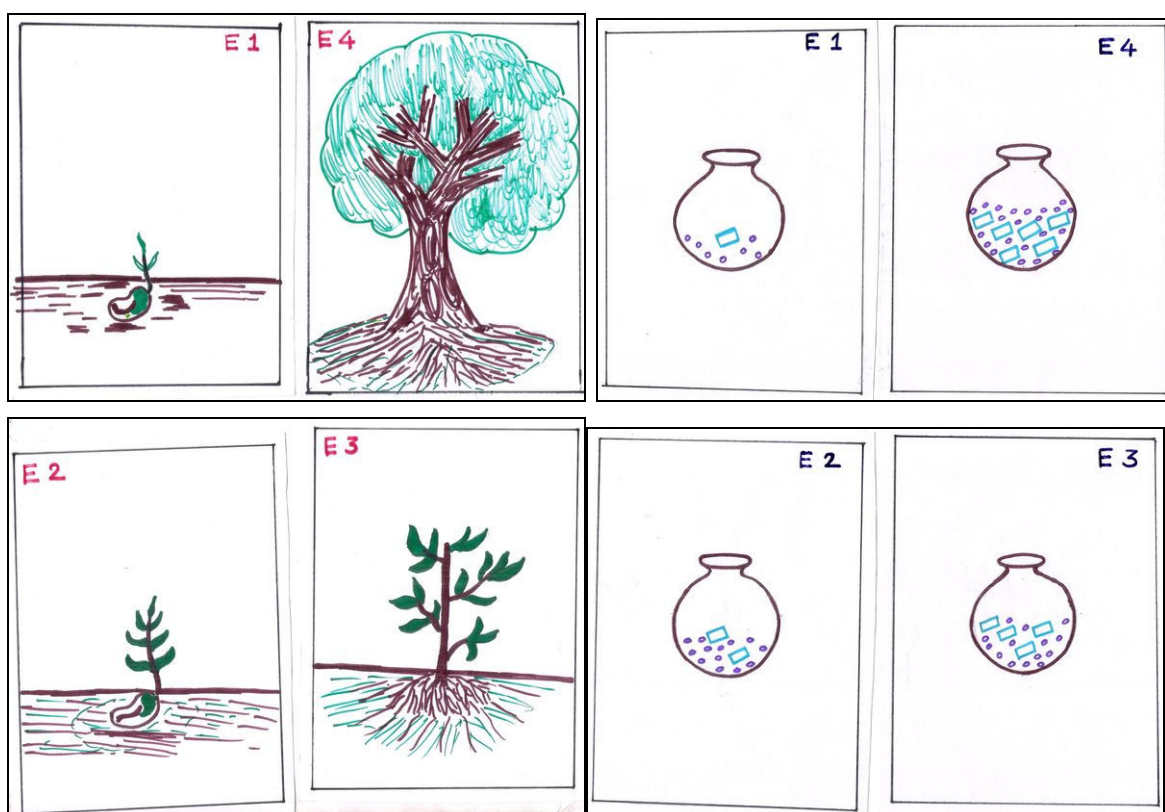
E-1 : Pot with small savings

E-2 : More savings than of E-1

E-3 : More savings than of E-3

E-4 : More savings than of E-4

Tree becomes large only if we give regular water, fertilizers to it. We need to take efforts to make the seed grow. Same thing also matches with our savings. Initially it seems to be less but as the time passes, it starts to go & after a long interval, we ourselves can not believe by seeing a huge savings.



7.7 Motivating the participants to save the money & Importance of planning to achieve goals

Objective: Motivate the “partners” to save money, showing the relationship between Income, expenditure, saving and debts [short term and long term]

Time required: 05 min

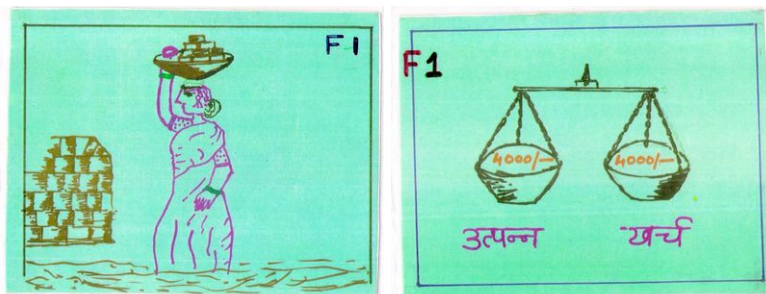
Tools Used:

Activity	Required Tools	Code for Tools	Total Pieces required
Motivating “partners” to save money	Income-Expense weighing balance Tool	F	3

Facilitator: Show the three pictures, one by one and ask the participants to describe these pictures. Facilitator will first show the front side of each picture & then the backside of the same picture & explain what the front side describes.

Front Side: - F-1 – a lady carrying bricks over her head.

Now see Back side of F-1 which shows her weighing balance of income & expenses. She earns 4 000 Rs. per month & her expenses are Rs. 4 000. That means she is spending whatever she earns. No savings at all.



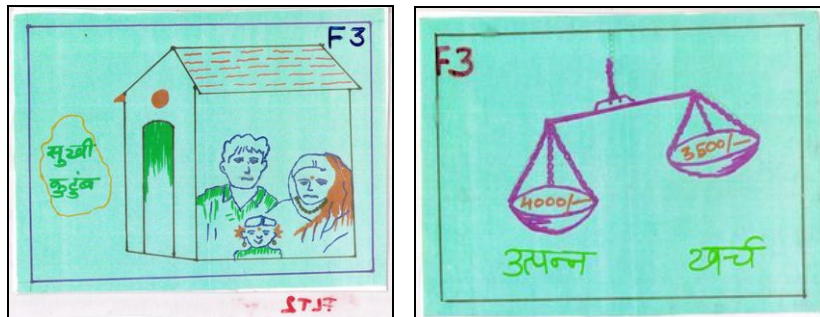
Front Side: - F-2 – a Man sitting in a tension

Now see Back side of F-2 which shows his weighing balance of income & expenses. He earns Rs.4 000 per month & spends Rs.4 500. That means he is spending more than his income. That means having a debt of rs.500/-.



Front Side: - F-3 – a happy family

Now see Back side of F-3 which shows the weighing balance of income & expenses. They earn Rs. 4 000 per month & spend Rs. 3 500. That means they are spending less than they earn. Saving of the family is Rs.500.



Ask the participants where they are presently?

Some will say from 1st & some will say from 2nd no. family.

In which family do you like to live?

Group will come up with the answer “3”.

If so, what should they do? Wait until the group comes up with the answer “Savings”. Through the discussion, facilitator talks about long-term and short-term goal of savings:

Savings may be for

- Old age
- Education of children
- Marriage
- House
- Increase business capital
- Buying a vehicle, etc.

7.8 Sum up

Objective: Recap so that partners recall the main concepts.

Time 05 min.

=> prioritize expenses; cut down on unnecessary expenses; save

Facilitator: Recap of the training and encourage group members to save money.

Then the facilitator tries to know the trainees' current practices of savings like Bhishi (informal saving groups), Galla (piggy bank), etc.

The Facilitator then present postal schemes, cooperative banks, recurring accounts, savings accounts, advantages and disadvantages of each way.

8 Summary of required Tools for FLT-1 :

Activity	Required Tools	Soft copy	Code for Tools	Total Pieces required
Objectives of the training	Written Card sheet chart	No	A	1
Carpet game	Carpet	No	B	1 Can be used of training venue, if not available use Newspaper.
	Expense Items	Yes	C	15
Knowing Needs & Wants	Card sheet chart with Triangulation diagram	No	D	1
	Expenses Item	Yes	C	15
Introduction to saving money	Germination Diagram	Yes	E	4
Motivating partners to save money	Income-Expenses weighing balance Tool	Yes	F	3
Total		A,B,C,D,E,F		1 Carpet, 2 Card Sheet Charts, 22 Pictures