

Practice and Revision - Financial Planning

Chapter 6: Financial Planning · Topic 2

Key Concept

Budgeting involves planning income and expenses, ensuring spending doesn't exceed income, and setting aside money for savings.

Simple interest is calculated as $SI = (P \times R \times T) / 100$, while compound interest grows based on both principal and previously earned interest.

Understanding taxes, like GST (Goods and Services Tax), helps us understand the cost of goods and government revenue systems.

Good financial planning habits, including saving regularly and avoiding unnecessary debt, contribute to long-term financial security.

Quick Revision Notes

- Budgeting: plan income, expenses, savings.
- Spending shouldn't exceed income.
- Simple interest: $SI = (P \times R \times T) / 100$.
- Compound interest: grows on principal + earned interest.
- Taxes like GST affect goods' cost.
- They also fund government revenue.
- Good habits: regular saving, avoiding debt.
- This contributes to financial security.

Practice Questions

- 1 Create a simple monthly budget.
- 2 Calculate simple interest on ₹5000 at 6% for 2 years.
- 3 Research the difference between simple and compound interest.
- 4 Discuss what GST is and why it exists.
- 5 Discuss two good financial habits.
- 6 Explain financial planning in your own words.