

Financial Planning Among Public- and Private-Sector Employees: Evidence from 800 Salaried Workers in Jaipur, India

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Abstract

The financial planning of public employees and private employees in Jaipur has its distinct difference in comparison to others and the demographic factors become a greater influence in financial planning than investment awareness does. The study employed stratified random sampling and a 36 item instrument with a Cronbach's α of 0.879 with 800 employees (400 public and 400 private) as the sample. The financial planning was assessed using financial attitude, knowledge and behaviour and four hypotheses were tested using the chi-square test, t-test, one-way ANOVA and linear regression. Demographic factors (gender, age, income, education and sector) had a significant impact on financial planning (all $p < .001$). Knowledge of investment opportunities was a strong but weak predictor ($\beta = 0.151$, $R^2 = 0.023$). There was no significant independent effect for the retirement planning ($F = 3.450$, $p = .064$), indicating that retirement planning is a part of the overall planning. There were statistically significant differences between the two sectors ($t = -2.314$, $p = .021$): private employees scored higher in overall score, saving rate, and higher in budgeting discipline (84% vs 49%), tax awareness (79% vs 49%), and retirement readiness, while public employees had higher scores in budgeting discipline and tax awareness. Almost everyone (99%) agreed that financial planning is important, but it was not done consistently. The limiting factor is thus, not informational, but behavioral. The paper suggests, and proposes, the following sector-specific recommendations for literacy programmes, retirement scheme auto-enrolment, the promotion of emergency funds and behavioural nudges.

Keywords: financial planning, financial literacy, retirement planning, public sector, private sector, intention–action gap, Jaipur, India

1. Introduction

Financial planning is the logical integration of both income and expenditure, and of saving and investment, to ensure that they achieve a set objective without being adversely affected by unforeseen shocks and are not sufficient to jeopardise long-term financial security. It is based on five building blocks: income management, savings and investment, tax planning, retirement planning and debt management. However, with the increasing cost of living, continued inflation and the volatility of the job market, disciplined planning is more important for salaried households (Lusardi & Mitchell, 2014). The stakes are big in India. The survey by NCFE (2019) revealed that only 27% of Indian adults were financially literate and the S&P Global survey showed that only 24% knew about basic concepts like risk, inflation and interest. There is a huge disparity in literacy rates between men and women, income and urban and rural groups. India has no universal state pension, either, and a large proportion of the workforce are not covered by employer pension schemes, placing the burden of providing for retirement on the individual. Structural dimension added by employment sector. Public servants are generally given fixed pay along with increments and dearness allowance, defined pension, provident fund and gratuity, and favourable loan facilities. Private working class are paid inconsistently according to their performance, without job security and have retirement savings that are uncertain, indirect and open to market instruments and EPF/NPS. These differences should, in principle, result in a difference in planning between the two groups. This is an ideal place to test in Jaipur. It's the capital of Rajasthan, a mix of government, public sector and corporates & services sector in one fast urbanising economy. Geography is not a factor which confounds a comparison there. Most financial-planning research in India, however, is national and at the broad level, relying on a small sample of cities, and direct, large-sample public–private comparisons are rare at the city level. This study fills this void. It questions the impact of demographics, awareness of investment, and

retirement planning on employee financial planning, and if there is any difference by employment sector. The study has three contributions:

1. **Empirical:** a balanced, large-sample ($n = 800$) public–private comparison of financial planning at city level.
2. **Methodological:** a reliable, replicable 36-item instrument ($\alpha = 0.879$) and a transparent inferential design.
3. **Practical:** stakeholder-specific recommendations for employees, employers, financial institutions and policymakers.

The rest of the paper reviews the literature and theory (Section 2), describes the methodology (Section 3), presents results (Section 4), discusses them (Section 5) and concludes (Section 6).

2. Literature Review and Theoretical Framework

The literature is clear that knowledge is not enough for good financial planning and that there are few studies that compare directly public and private provision of financial planning in India. The review was conducted from the data available in following databases: Scopus, Web of Science, EBSCO, JSTOR, ScienceDirect, SSRN, RBI, NCFE and OECD reports. The studies included were those that focused on a key construct and provided empirical or strong theoretical contributions and were conducted in an Indian or emerging-economy setting.

2.1 Conceptual foundations

The study is based on five constructs. Financial planning is a systematic approach to resource management (budgeting, saving, investing, insurance, taxes and estate) to achieve life objectives. Financial knowledge and skill to make informed financial decisions (Huston, 2010; Lusardi & Mitchell, 2014). Financial capability is the ability, opportunity and desire to respond to that knowledge. In digital financial literacy, the skills and confidence to safely use digital financial products is emphasized (Ravikumar et al., 2022). The goal of financial wellness is the ultimate goal – planning should bring it. Wellness is the ultimate goal – security and freedom of choice is planning's goal.

2.2 Foundational evidence

Initial studies set measurement tools and demographic correlates. After controls, Chen and Volpe (1998, 2002) created objective scales for literacy and discovered that women demonstrated lower literacy scores. Lusardi and Mitchell (2007, 2014) revealed a strong association between literacy and planning and accumulation of wealth. Planning attitudes were found to be influenced by occupation by Lai and Tan (2009), and Lim (2003) discovered that few older workers in Singapore engages in retirement planning. In combination, this represented a paradigm shift to viewing personal finance as a behavioural, not just an economic, issue.

2.3 Recent and contemporary evidence

In the past three years (2022-2024), two themes were brought together in the studies. First, age, income and education have strong patterns in both making investment decisions and retirement readiness, with the least prepared the younger, the lower income and non-pensioned workers. Second, intention does not predict behaviour and attitude: Present bias and procrastination influence retirement outcomes (Vijayalakshmi et al., 2024); Financial attitude mediates the relationship between well-being and retirement planning (Indapurkar et al., 2024); Objective knowledge is not the same as confidence (Chen & Chen, 2023). The latest investigations focus on motivation and the digital aspect. According to Khurana and Sharma (2026), digital financial literacy alone does not benefit retirement planning unless there is a desire to plan for retirement. According to the study by Chauhan et al. (2026), knowledge and experience are the factors that promote saving and well-being while confidence is not. It was observed that the effect of digital literacy on well-being is mediated by impulsivity and self-control by Bhat et al. (2025) and tax planning is observed to mediate the planning–well-being link by Anandhi and Velmurugan (2025). Sharma and Negi (2025) found that the following biases crept into the participants: herding, anchoring and loss aversion, and concluded that debiasing needed to be done with specific education.

2.4 Theoretical lenses

Six complementary theories frame the study:

- **Life-cycle hypothesis** (Modigliani & Brumberg, 1954): saving and dissaving track life stage, which predicts demographic effects.
- **Theory of planned behaviour** (Ajzen, 1991): attitudes, subjective norms and perceived control drive intention and action.
- **Behavioural finance**: loss aversion, mental accounting and weak self-control distort saving and investing.
- **Financial-capability models**: knowledge becomes action only with ability, opportunity and motivation.
- **Financial socialisation**: family, peers and institutions shape financial attitudes and habits.
- **Capacity–willingness–opportunity** (Haron et al., 2024): action requires knowledge, motivation and enabling conditions together.

2.5 Research gap and conceptual framework

Three gaps emerge. Local workforce dynamics are not captured by most studies, which are national in scope. While wages and pensions vary significantly, direct comparisons between public and private sectors are scarce, even when they are public services with large samples. Direct comparisons are few, even among large sample public services and those in private sector, although pay and pensions are different. There are not many studies that locate the comparison in a particular Indian city. Financial planning is thus a result of the conceptual framework, namely attitude, knowledge and behaviour. The explanatory constructs are a demographic profile and awareness of investment opportunities and retirement planning. The employment sector is the grouping factor along which planning is compared.

3. Research Methodology

This study was based on the positivist approach, the deductive approach and cross-sectional survey methodology involving 400 respondents for each of public and private sector, which is 800 in total. It is descriptive and exploratory in design – describes planning behavior and examines hypothesized relationships in the theory of planned behavior and life-cycle hypothesis.

3.1 Objectives and hypotheses

The study pursued four objectives, each paired with a hypothesis tested at $\alpha = 0.05$.

Table 1. Objectives and hypotheses

No.	Objective	Alternative hypothesis (H_a)
O1 / H1	Determine the impact of demographic profile on financial planning	Demographic factors significantly affect the financial planning of public- and private-sector employees
O2 / H2	Determine the impact of awareness of investment avenues on financial planning	Investment awareness significantly affects financial planning
O3 / H3	Determine the impact of retirement planning on financial planning	Retirement planning significantly affects financial planning
O4 / H4	Compare the financial planning of public- and private-sector employees	Financial planning differs significantly between the two sectors

Each null hypothesis (H_0) states no effect or no difference. The decision rule was to reject H_0 when $p < 0.05$.

3.2 Sampling

Stratified random sampling was used to attract the respondents. Strata were formed on the basis of non-overlapping sectors, age, gender, income level and education and individuals were sampled at random within each stratum. Differential group sizes were avoided because of a balanced 400/400 split.

3.3 Instrument and measurement

The questionnaire included a demographic section and 36 scale items for the financial attitude, knowledge, behaviour and retirement planning. The items were of attitudinal and behavioural nature and were measured on a 5-point Likert scale and then summated to composite scores.

Table 2. Variables and their measurement

Construct	Role	Operationalised as	Scale
Financial planning	Dependent	Budgeting, saving, investing, risk protection, goal-setting	Five-point Likert composite
Demographics	Independent	Gender, age, marital status, income, education, experience, sector	Categorical
Investment awareness	Independent	Knowledge and use of financial instruments	Likert / multiple response
Retirement planning	Independent	Preparedness, needs estimation, savings steps	Likert / categorical
Sector	Grouping	Public vs private employment	Binary

3.4 Pilot study and reliability

The instrument was pre-tested by a pilot consisting of 80 respondents (10% of the total respondents) belonging to both the sectors. It established the fact that the online platform functioned and that they were spread across the demographic categories. Some ambiguous items were reworded and sequence further improved. Content and face validity was achieved using literature and supervisor checking for the pilot. The last instrument had high internal consistency, Cronbach's α of 0.879 (0.893 for the standardised items) with 36 items, which is above the conventional threshold of 0.70.

3.5 Data collection and analysis

The structured questionnaire was used to gather primary data, which was administered through Google Forms and WhatsApp. Secondary data was acquired from journals and institutional reports/repositories. Respondents were allowed to withdraw at any time, and participation was voluntary, based on informed consent, anonymous and reported only in aggregate. Data were analysed in two stages; first in SPSS and second in Excel. Frequency tables, cross-tabulations and comparative charts were used in the descriptive stage. The inferential stage of the research employed chi-square test of independence (sector $\times$ planning), one-sample t-tests and one-way ANOVA to determine significant differences.

4. Results

Three of the four null hypotheses were rejected, and descriptive data reveal two structurally different workforces with contrasting planning strengths.

4.1 Sample profile

Gender was balanced at roughly 60% male in both sectors, so the comparison is not gender-confounded. On most other characteristics the sectors diverged sharply.

Table 3. Sample profile by sector

Characteristic	Public (n = 400)	Private (n = 400)
Modal age group	35–45 years (54%)	25–35 years (54%)
Married	71%	64%
Modal annual income	₹10–15 lakh (48%)	₹5–7.5 lakh (33%)
Income above ₹20 lakh	5%	19%
Post-graduate degree	25%	49%
Professional qualification	7%	19%
3–5 dependants	58%	39%
5–15 years' experience	49%	42%

The public sample was older, more often married, income-concentrated and mostly graduate-educated. The private sample was younger, more income-dispersed and more highly qualified, with fewer dependants.

4.2 Financial-planning behaviour

Almost all respondents (99% public, 100% private) considered a personal financial plan important. Behaviour, however, diverged markedly.

Table 4. Financial-planning behaviour by sector

Indicator	Public	Private
Saves more than 20% of income	45%	77%
Saves less than 10% of income	5%	12%
Maintains a budget	84%	49%
Holds no emergency fund	5%	31%
Self-rated proper investment knowledge	89%	49%
Considers tax benefits when investing	79%	49%
Relies on peer recommendation for investment decisions	9%	21%

Private employees saved more of their income and spent less than their planned budgets indicate, indicating their savings are residual and not planned. Almost one-third had NO emergency savings. However, formal education and financial literacy are separate: although private employees showed 40 percentage points more formal education, they also showed 40 percentage points less investment knowledge than the public employees. The instruments chosen and the instrument protection were also varied. Public employees preferred Government schemes (33%) and real estate (29%) and were covered by their employers: life insurance (45%) and employer health insurance (31%). Private employees had more bonds (25%) and mutual funds (21%) and self-insured property (movable 33%, immovable 26%). The public long-term goals were largely home ownership (60%), while the private goals were dispersed between children's education or marriage (29%) and retirement (21%), housing (21%) and starting a business (19%).

4.3 Retirement preparedness

Public employees were consistently better prepared for retirement.

Table 5. Retirement preparedness by sector

Indicator	Public	Private
Has already started retirement planning	42%	20%
Has not planned for retirement	12%	21%
Has estimated retirement savings need	91%	58%
Main retirement step: employee pension	57%	39%
Main retirement step: stocks	17%	40%
Considers inflation in retirement planning	78%	49%
Aware of tax implications of retirement savings	75%	49%
Has a will or estate plan	75%	49%
Seeks no retirement advice	7%	21%

Most savings were held in illiquid real estate (43%) by public employees, who also face a liquidity risk. For private workers, it was a more volatile, unbacked equity plan. They were underutilised in both industries: public employees turned primarily to banks and insurers (39%) and family (34%).

4.4 Hypothesis testing

A preliminary chi-square test was conducted to test for association between the variables sector and financial-planning behaviour, which revealed that the sample was large enough to warrant sector-aware testing ($\chi^2 = 6.045$, $df = 1$, $p = .014$; Fisher's exact $p = .031$).

H1: Demographic factors. One-sample t-tests were significant for gender ($t = 80.809$), age ($t = 65.915$), income ($t = 58.844$), sector ($t = 84.800$) and the financial-planning composite ($t = 166.596$), all $p < .001$. One-way ANOVA confirmed significant differences in financial planning across gender ($F = 2.077$, $p = .004$), age ($F = 5.746$), income ($F = 6.743$), education ($F = 3.741$) and sector ($F = 10.674$), the last four at $p < .001$. H_{01} was rejected.

H2: Knowledge about investment options. The regression model was significant ($F = 18.673$, $p < .001$), and awareness was a positive predictor ($\beta = 0.151$, $t = 4.321$, $p < .001$). Financial planning, however, was accounted for by only 2.3% ($R = 0.151$, $R^2 = 0.023$) of the variance due to awareness. H_{02} was rejected, but its effect is small.

H3: Retirement planning. Mean scores were 2.401 ($SD = 0.408$) for financial planning and 2.262 ($SD = 0.460$) for retirement planning ($n = 800$). The ANOVA was not significant ($F = 3.450$, $p = .064$). H_{03} was not rejected.

H4: Sector comparison. The financial planning score of private employees was slightly higher ($M = 2.434$, $SD = 0.326$) than that of public employees ($M = 2.367$, $SD = 0.474$). The difference was significant ($t = -2.314$, $df = 798$, $p = .021$; 95% CI of the difference -0.123 to -0.010). Levene's test indicated unequal variances ($F = 58.894$, $p < .001$). H_{04} was rejected.

Table 6. Summary of hypothesis tests

Hypothesis	Test	Key statistic	p	Decision
H1: Demographics $\rightarrow$ planning	t-test, ANOVA	All significant	$< .01$	Reject H_0
H2: Awareness $\rightarrow$ planning	Linear regression	$\beta = 0.151$, $R^2 = 0.023$	$< .001$	Reject H_0 (weak effect)
H3: Retirement $\rightarrow$ planning	One-way ANOVA	$F = 3.450$	.064	Retain H_0

H4: Sector difference	Independent t-test	$t = -2.314$	.021	Reject H_0
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5. Discussion

The central finding is an intention–action gap: 99% of employees consider financial planning important, yet only about half of private employees budget and nearly a third hold no emergency fund. The constraint on financial well-being in Jaipur is behavioural, not informational.

5.1 Interpreting the hypotheses

Demographics (H1). The strong demographic effects support the life-cycle hypothesis and align with Lusardi and Mitchell (2014) and Pande et al. (2024). The older, income-concentrated public cohort plans differently from the younger, income-dispersed private cohort, consistent with differing life stages and time horizons.

Awareness (H2). Awareness is significant but explains only 2.3% of planning variance. This quantifies the knowledge–action gap and echoes Khurana and Sharma (2026), who found that capability affects planning only through willingness. The result supports behavioural and capability accounts in which motivation, attitude and self-control carry most of the weight. The education paradox backs this up, as private employees are more qualified but report less knowledge of investments and less budgeting.

Retirement planning (H3). This non-significant result ($p = .064$) indicates that retirement planning is not a unique factor in planning at all, but that it is part of a greater planning program. This is consistent with the findings of Indapurkar et al. (2024) and Vijayalakshmi et al. (2024) that attitude and bias, not intention, determines retirement. It does not cancel out the obvious readiness gap in the private sector with regard to descriptions. The finding is tentative since its distance from the threshold is small.

Sector (H4). The differences between the sectors are significant but not too large, and the direction is instructive. The private sector's slightly higher composite score is attributable to higher saving and the growth orientation. There is greater discipline, tax awareness and retirement preparedness among the public sector. The sectors are thus complementary in some ways, and policy should leverage on the strengths of each sector while acknowledging the weaknesses.

5.2 Institutional safety nets

The findings provide insights that can help explain the role of institutions in the management of risk. Public workers rely heavily on insurance, pensions and structured benefits provided by their employers, which seem to replicate the conservative planning of the insurance industry. The net is not available for private workers, who must find protection and retirement on their own, but many are not effective in doing so. Heavy real-estate holdings by public employees, in turn, cause concentration and liquidity risk for public workers.

5.3 Implications

- **Theoretical:** the results strongly support the life cycle hypothesis for the demographic effects, lend support to capability models where willingness acts as a mediator between knowledge and the demographic effects, and position retirement planning as a part of overall planning.
- **Practical:** employer and adviser have a clear agenda for a sector. Private employees are in need of budgeting, emergency funds, tax and retirement; public employees are in need of diversification and instrument knowledge.
- **Social:** addressing these gaps can enhance the resilience of households to shocks and the resulting old age insecurity.

5.4 Limitations

There are four major constraints to the study. It is limited to the city of Jaipur and may not be generalised to other cities and rural areas. It is self-reported, and has online data; thus it is prone to social desirable and recall bias. It does not establish cause nor does it "catch" change over time as measured by its cross section design.

Lastly, the R^2 for awareness is low, suggesting that some factors that are key to awareness were not directly captured, including behavioural biases and willingness. Two analytical points also need to be taken with a grain of salt. Levene's test showed unequal variances, so ideally the result of the H4 should be confirmed using Welch's t test. The one-sample t-tests reported for categorical demographic variables are less informative than the results of ANOVA, which reported the primary evidence for H1.

6. Conclusion and Recommendations

Who people are and their place of work are the primary factors that influence financial planning in Jaipur, but most importantly, there is the difference between intentions and actions. Public servants should diversify in addition to investing in real estate and learn the market instruments more thoroughly and plan with security and consistency. On average, private workers earn more and are more qualified, but must plan and save for retirement in a systematic manner and have emergency savings.

6.1 Recommendations

As behaviour is the binding constraint, interventions should change behaviour to become a habit, not just provide information..

Table 7. Recommendations by stakeholder

Stakeholder	Recommended actions
Employees	Build and automate a 3–6 month emergency fund; diversify beyond deposits, gold and property; start retirement contributions early and review them annually; use budgeting apps to make planning routine
Employers	Run sector-tailored financial-wellness and retirement workshops; enable auto-enrolment and NPS/EPF top-ups; offer payroll-linked savings and access to advisers
Financial institutions and advisers	Design simple, goal-based products for salaried households; offer transparent, low-cost advice and digital onboarding; segment guidance by sector
Policymakers and regulators (RBI, SEBI, IRDAI, PFRDA)	Scale the National Strategy for Financial Education to city level; strengthen incentives for long-term and retirement saving; protect consumers as digital finance expands
Educators and researchers	Embed personal finance in curricula and workplaces; replicate this design in other cities; study the behavioural roots of the action gap

A special mention should be made of wills and nominations. Fewer than half of private workers (49%) had a will or estate plan, and it is easy and inexpensive to fill this gap.

6.2 Directions for future research

- Replicate the study in other cities and rural populations and among the self-employed to see the generalisability.
- Employ longitudinal designs to identify cause/effect and monitor behavior change.
- Directly measure behavioural biases, willingness and financial socialisation.
- Use structural equation modelling to the awareness–willingness–action pathway.
- Explore the changes in salaried workers' planning due to fintech and digital financial literacy.
- Discuss heterogeneity across sectors, by role and institution type.

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