

New  
Syllabus  
2026-27

CLASS 9 SOCIAL SCIENCE – PART 2

## CHAPTER 5

Understanding  
Society:  
India and Beyond,  
Part 2

# MANAGING YOUR PERSONAL FINANCES

## PERSONAL FINANCE & ITS FIVE PILLARS

**Personal finance** means planning and managing your money to meet present needs and future goals.



1

### Income



Money you earn from work, business, allowance, etc.

2

### Budgeting



Plan and track your income and spending.

3

### Saving



Keep money aside for future needs and emergencies.

4

### Investing



Put savings into assets to potentially grow your money over time.

5

### Protection



Use insurance and risk management to protect income, savings and assets.

Income



Earn money

Budget



Manage spending

Save



Build security

Invest



Grow your money

Protect



Stay prepared

Financial Goals



Achieve your dreams



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Save  
Today  
Brighter  
Tomorrow

## SAVING, INVESTING & COMPOUNDING

1

### Saving

Saving means keeping aside part of your income for future needs, emergencies and goals.



- ✓ Helps you be prepared for unexpected expenses.
- ✓ Builds financial security.
- ✓ Can be kept in a bank account or other safe options.

2

### Investing

Investing means putting your savings into assets to protect the value of your money and potentially earn returns over time.



- ✓ Helps your money grow over time.
- ✓ Can give higher returns than savings.
- ✓ Involves some risk.
- ✓ Suitable for different goals like education, home, retirement, etc.

3

### Saving vs Investing

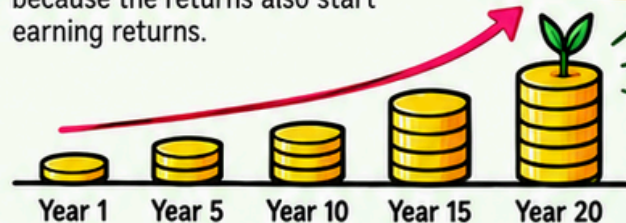
|              | Saving                              | Investing                              |
|--------------|-------------------------------------|----------------------------------------|
| Main purpose | Safety and meeting short-term needs | Growth and long-term goals             |
| Time horizon | Short-term                          | Medium to long-term                    |
| Returns      | Lower and more stable               | Potentially higher but not guaranteed  |
| Risk         | Low risk                            | Higher risk                            |
| Examples     | Savings account, fixed deposit      | FDs, bonds, stocks, mutual funds, etc. |

4

### Power of Compounding

Compounding means earning returns on the original amount plus the previously earned returns. Over time, your money grows faster because the returns also start earning returns.

The earlier you start, the more your money can grow!



5

### Common Investment Options

#### Fixed Deposits (FDs)



A safe option with fixed returns.

#### Bonds



Loans given to governments or companies. Generally lower risk.

#### Stocks / Shares



Ownership in a company. Higher potential returns but higher risk.

#### Mutual Funds



Pool money from many investors and invest in different assets. Suitable for different goals.

6

### Important Points

- ✓ Different investment options have different levels of risk and return.
- ✓ Consider your financial goals, time horizon and liquidity needs.
- ✓ Higher returns usually come with higher risk.
- ✓ Diversifying investments can help manage risk.
- ✓ It is important to choose options that match your needs and risk tolerance.



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## BUDGETING & FINANCIAL GOALS



### What is Budgeting?

Budgeting means planning in advance how your income will be spent. It helps you balance your income and expenses, plan your savings and work towards your financial goals.



#### INCOME



Money you earn  
(from pocket money,  
allowance, job, etc.)

#### EXPENSES



Money you spend  
on your needs  
and wants.

#### SAVINGS



Money you keep  
aside for future  
needs.

#### FINANCIAL GOALS



Help you achieve your  
dreams in the future.

### Steps to Make a Budget

1



#### Identify expenses

Make a list of all your needs  
and wants.

2



#### Set a saving goal

Decide how much money you  
want to save and for what purpose.

3



#### Track spending

Keep a record of your income  
and expenses.

4



#### Review and adjust

Check your budget regularly  
and make changes if needed.

### Example: Monthly Budget

| Category                           | Amount (₹) |
|------------------------------------|------------|
| Income<br>(Pocket money/Allowance) | 3,000      |
| Expenses (Needs)                   |            |
| Food                               | 800        |
| Transport                          | 300        |
| Stationery & School supplies       | 400        |
| Mobile recharge                    | 300        |
| Expenses (Wants)                   |            |
| Eating out                         | 300        |
| Movies / Entertainment             | 200        |
| Savings                            | 500        |
| Financial Goal<br>(School trip)    | 200        |
| Total                              | 3,000      |

### Financial Goals



#### Higher education

For college or special courses



#### School trip

For travel and new experiences



#### Sports equipment

For hobbies and interests



#### Emergency fund

For unexpected expenses

### Questions to Plan Goals

- 1 What do I want?
- 2 How much will it cost?
- 3 By when do I want it?
- 4 What steps should I take?

### Why Budgeting Helps?

- ✓ Helps control unnecessary or impulse spending.
- ✓ Helps you live within your means.
- ✓ Allows you to save for future needs and goals.
- ✓ Prepares you for unexpected expenses.



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Be  
Financially  
Prepared



## RISK, RETURN, INSURANCE & PROTECTION



1

### Risk and Return

All investments involve some risk. Generally, higher returns are associated with higher risk.

Lower Risk  
Lower Return

Higher Risk  
Higher Return

### Examples of Risk and Return

| Investment Option  | Risk Level      | Expected Return  |
|--------------------|-----------------|------------------|
| Savings Account    | Low             | Low              |
| Fixed Deposit (FD) | Low             | Low to Moderate  |
| Bonds              | Low to Moderate | Moderate         |
| Mutual Funds       | Moderate        | Moderate to High |
| Stocks / Shares    | High            | High             |

2

### Time Horizon and Liquidity

#### Time Horizon



The length of time you plan to keep your money invested.



Short-term goals  
(e.g. 1-3 years)

Long-term goals  
(e.g. 5 years or more)

#### Liquidity



How easily you can access your money when needed.

- ✓ Savings account – High
- ✓ Fixed deposit – Moderate
- ✓ Mutual funds – Moderate
- ✓ Stocks – Depends on market conditions

3

### Types of Insurance

Insurance provides financial protection against unexpected events. It helps you manage risk and avoids a major financial loss.

#### Health Insurance



- Covers medical expenses.
- Helps during illness or hospitalization.

#### Life Insurance



- Provides financial security for your family.
- Helps dependents even if the earner is not there.

#### General Insurance



- Protects your assets like home, vehicle, etc.
- Covers losses due to accidents, theft, fire or natural disasters.

4

### Why is Insurance Important?



- ✓ Provides financial security against unexpected events.
- ✓ Helps you manage risk.
- ✓ Reduces the burden of large expenses.
- ✓ Gives peace of mind.
- ✓ Protects your savings and assets.

5

### Risk Management



Risk management means taking steps to reduce the impact of financial risks.

- 1 Diversify your investments.
- 2 Choose the right insurance.
- 3 Keep an emergency fund.
- 4 Avoid putting all your money in one investment.
- 5 Plan according to your goals, time horizon and risk tolerance.

6

### Key Takeaways



Higher return usually comes with higher risk.



Insurance provides protection against unexpected events.



Consider time horizon and liquidity.



Choose investment options that match your goals and risk tolerance.



Be prepared and plan wisely.



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Smart  
Money  
Better  
Future

## INFLATION, PURCHASING POWER & INCOME TAX

### 1 What is Inflation?

Inflation means a continuous rise in the general price level of goods and services over time.

When prices increase, you need more money to buy the same things.



#### Result:

- Same money buys fewer goods.
- Cost of living increases.

### 2 Purchasing Power

Purchasing power means the value of your money – how much goods and services you can buy with a given amount of money.

#### Higher Purchasing Power

- Prices are lower
- You can buy more goods and services
- Your money has more value



#### Lower Purchasing Power

- Prices are higher
- You can buy fewer goods and services
- Your money has less value



### 3 Effects of Inflation

#### Higher cost of daily needs



#### Impact on savings



The value of savings reduces over time.

#### Impact on fixed income



People with fixed income may find it difficult to meet their expenses.

#### Need for higher income



You may need to earn more to maintain the same standard of living.

### 4 Ways to Manage Inflation



#### Save regularly

Build a habit of saving.



#### Invest wisely

Invest in options that give better returns than the inflation rate.



#### Compare prices

Look for better deals and avoid unnecessary spending.



#### Plan your budget

Control expenses and prioritise needs over wants.

### 5 What is Income Tax?

Income tax is a direct tax paid by individuals on their income to the government.



#### Why do we pay Income Tax?

- Helps the government run public services.
- Supports development projects.
- Used for education, healthcare, infrastructure and social welfare schemes.

### 6 How is Income Tax Used?



#### Education

Schools, colleges and skill development



#### Healthcare

Hospitals and health services



#### Infrastructure

Roads, transport, water supply and electricity



#### Public Services

Safety, sanitation and other community services.

### Key Takeaways

- ✓ Inflation reduces the purchasing power of money.
- ✓ Higher prices can affect savings and fixed income.
- ✓ Investing can help protect your money from the effects of inflation.
- ✓ Income tax is important for the development of the country.



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