Tips For A New Homemaker

Here’s your guide on how to budget for household expenses. Follow it and impress your husband with your newly acquired skills.

BY KAVYA BALAJI

For a woman, marriage means a lot of ‘new’ things—new home, new relationships, new routines and much more. Among all the new things she is introduced to, one is managing household expenses. As Mukesh Dedhia, director, Ghalla & Bhansali securities, puts it, “Most Indian girls, before marriage, stay with their parents, who take care of all the household expenses of the family. As a result, the girls remain clueless about running a house.” This is the reason, why after marriage when they are to run their family, they feel intimidated lest they make a blunder. So, for all those newly wedded brides, here’s a ready reckoner on how to manage your household expenses.

Estimating income. To make a budget, first estimate your total income for a month. Take your spouse’s take-home pay and yours (if you are working). Also, include income from investments like interest or dividend income, and rental income, if any. Remember, always take the net income and not the gross.

Estimating expenses. Start by making an inventory of your monthly expenses. It is important that you distinguish between essential and non-essential expenses. Says Nirmal Rewaria, senior vice-president, Edelweiss Financial Planning: “Track your absolute essentials with approximate costing or an accurate costing. This becomes the monthly budget.” If you cannot jot it down off hand, take a month or two, to observe the expenses and note them as they are incurred. It is best to keep essential and non essential budgets separate. This way you would be able to identify a spike in non essential expenses easily.

Finalising the budget. Once the list is ready, choose a budget format. It would be best to do it on a computer because you could make charts and other visuals. Visuals help understand your spending patterns better. A simple excel sheet should do (Try—http://india.smetoolkit.org/india/en/content/en/501/Family-Monthly-Budget-Worksheet). But if you are tech savvy, you could opt for online budget software programs after analysing their safety (encryption, storage of information).

Now, compare the budgeted income to the actual income and the budgeted expenses to the actual expenses. The difference is the surplus (excess money) or the deficit (when expenses are more than income). A good budget is the one where the total income equals or exceeds the total expenses. Says Dedhia, “Its not difficult to make a budget but sticking to it is, especially when you are new to it and haven’t learnt how to resist the temptations to splurge.”

Adhere to the plan. Newly-weds...
often underestimate their expenses. Says newly-wed Akanksha Agarwal, 26, a working woman in Gurgaon “The biggest problem is coming to terms with the fact that your individual expenses after marriage can’t be the same as before marriage.” Before marriage, most of one’s spending is non essential. However, after marriage the essential expenses go up which means you need to adjust your non essential ones to ensure that your budget is on track. In effect, the budget you create should help you change your spending patterns in a way that you are left with a surplus most of the times.

Says Pratibha Kurnool, chief solutions architect, ValueNotes: “A smart homemaker can make a substantial difference to the monthly expenditure by buying in bulk, tracking discount offers and reducing energy consumption in various ways.” Another area where you might need to concentrate is your ‘non essential’ expenses like eating out and movies.

Avoid credit. Use cash to reduce ‘impulse’ expenses. Credit purchases could easily push you into a debt trap. Says Lovaii Navlakhi, managing director, International Money Matters: “Credit cards are the most expensive form of borrowing and must be shunned. We advise all our clients to repay their credit card dues (full amount) on or before due date.” This would help you control unwanted expenses and you might end up with a surplus at the end of the month.

Save well. If you channelise your savings in the right avenues, it can help you in times of unexpected expenses. Says Dedhia: “Keep 3-6 months contingency funds in savings account or liquid mutual funds.” Adds Rewaria: “You can consider investing in equity diversified mutual funds using the systematic investment route.” If you are not financially literate, you could go for bank fixed deposits.

So, go ahead and let your husband know that despite being at home, you can help him in meeting the family’s long term goals.