Session 1: Money Basics

You would explore the difference between needs and wants and practice the 50-30-20 budgeting rule. The focus is on building awareness of how money should be divided for essentials, desires, and savings.

Session 1: Money Basics

Before we start

Money is part of everyday life. We use it for food, travel, phone recharge, clothes, and many small things. Some spending is necessary. Some spending is only for comfort or enjoyment. This session helps us understand that difference and gives us a simple tool to manage money better.

Session objective

By the end of this session, you will be able to:

Tell the difference between needs and wants, Use the 50-30-20 rule, Try one simple budget on your own.

A small story

Ravi is 17 years old and stays in a Child Care Institution. One day, he gets ₹500 from a short training programme. He feels happy and wants to spend it quickly. He thinks of ordering food, buying earphones, and keeping nothing for later. Then a staff member asks him a simple question. "If this money finishes today, what will you do next week?" Ravi stops and thinks. He realises money goes faster than it comes. He decides to split it properly. A little for what he needs, a little for what he wants, and some for saving. That is what this session is about.

Part 1: Needs and wants

Needs	Wants

Things we must have to live and function well	Things we like to have but can manage without
Example: food, rent, medicine, travel for school or work	Example: movies, fast food, shopping, extra gadgets

Instructions: Put each item in the correct column.

Item	Need or Want
Rice and vegetables	
Movie ticket	
Bus fare to work	
New shoes for style	
Electricity bill	
Mobile game top-up	
Medicine	
Café visit	

50-30-20 Examples

If the monthly income is 100:

Part	Use	What it covers
50%	Needs	Rent, food, transport, medicine, EMIs, insurance
30%	Wants	Movies, shopping, eating out, hobbies
20%	Savings	Emergency fund, future goals, investments

50-30-20 Examples

If the monthly income is 100:

Category	Calculation	Amount
Needs	50% of 100	₹50
Wants	30% of 100	₹30
Savings	20% of 100	₹20
Total	50 + 30 + 20	₹100

Instructions: Now fill this yourself using the 100 income example.

Category	Calculation	Amount
Needs	50% of 100	
Wants	30% of 100	
Savings	20% of 100	
Total		

Budgeting for 18,000 Income

If the monthly income is 18,000:

Category	Calculation	Amount	Example use
Needs	50% of 18,000	₹9,000	Rent, food, transport, medicine
Wants	30% of 18,000	₹5,400	Movies, shopping, eating out
Savings	20% of 18,000	₹3,600	Emergency fund, future goal
Total		₹18,000	

Instructions: If the monthly income is 18,000, complete the table.

Category	Calculation	Amount
Needs	50% of 18,000	
Wants	30% of 18,000	

Category	Calculation	Amount
Savings	20% of 18,000	
Total		

Budgeting for 12,500 Income

Filled example for 12,500:

Category	Calculation	Amount
Needs	50% of 12,500	₹6,250
Wants	30% of 12,500	₹3,750
Savings	20% of 12,500	₹2,500
Total	6,250 + 3,750 + 2,500	₹12,500

Instructions: Fill this one yourself for an income of 12,500.

Category	Calculation	Amount
Needs	50% of 12,500	
Wants	30% of 12,500	
Savings	20% of 12,500	
Total		

Reflection

Which one feels easier to manage, needs or wants?

Which one is more difficult to control?

What is one thing you would like to save for?

Quick Recap

Topic	Key Takeaway
Needs vs Wants	Understand what is essential for living versus what is for comfort.
50-30-20 Rule	A simple guide to split income: 50% Needs, 30% Wants, 20% Savings.

One line to remember

Plan your spending so your money works for you.

Closing thought

Money planning does not need to be difficult. Even a small step can help us feel more in control.