

# **A Study on Savings and Spending Habits of Youngsters with Special Reference to Coimbatore City**

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## **ABSTRACT**

The study aims to investigate with the saving and spending habits of youth. Youth are an influential group by virtue of their numbers in the total population, purchasing power, high levels of leisure time and exposure to abundance of information because of the advent of technology. The objective of the study is to study the saving and spending habits of youth and the variables which have an impact on it. The extent of peer influence, parental influence and financial literacy on the saving and spending habits of youth.

Keywords: Saving, Spending, youth, peer, parental influence, financial literacy.

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## **INTRODUCTION**

With the revolution in the retail sector in India and advent of mall culture, the saving and spending habits of youngsters have changed over the years. An over exposure to marketing communication activities of the companies, the students has turned to be more brand conscious and also spend a considerable amount of their income on entertainment and gadgets. With the increase in spending power of adults, even the young have become free-hand spenders and spendthrifts in some cases.

Students savings accounts are one tool with the potential to encourage both development and financial inclusion possibly even in a financially sustainable way. For individuals, a financial cushion such as savings is clearly useful in mitigating the impact of economic shocks. Research has shown that making formal sector savings accounts available can boost this financial cushion among students.

## **STATEMENT OF THE PROBLEM**

With cultural shift to westernization in India and advent of mall culture, the spending and savings habits of the students have changed over the years. College students have started to spend more money on entertainment and lifestyle and have become more brand conscious. With the increase in standard of living of adults, the young have also been empowered with more money and have got more spending power. Similarly, the saving habit in college student is drastically declining over the years

## **SCOPE OF THE STUDY**

- The study covers the savings and spending habits of youngsters in Coimbatore city.
- It also covers the youngster's preference in various aspects like spending habits and their knowledge about financial attitude.
- It also covers the sources of income and their spending behavior.
- It enables to know about financial knowledge of youngsters

## **RESEARCH METHODOLOGY**

### **METHOD OF DATA COLLECTION**

The data collected for this study is

- Primary data
- Secondary data

**AREA OF THE STUDY:** This study was conducted in Coimbatore city

**SAMPLING METHOD:** Convenient sampling method is used.

**SAMPLE SIZE:** The sample size is 125.

**TOOLS USED FOR ANALYSIS:** Simple percentage

### **OBJECTIVES OF THE STUDY**

- To analyze the various modes of saving habit among youngsters.
- To find out the spending pattern among youngsters.
- To determine financial knowledge among youngsters.

### **LIMITATIONS OF STUDY**

- The study is conducted with 125 respondents.
- Respondent's opinions are dynamics they keep changing time to time.
- The time taken for this study was also limited and it was the major constraint to complete the work entirely.
- All the respondents of this survey are based from Coimbatore city only

### **REVIEW OF LITERATURE**

**On 2011 Sub Hani et al**, says that, how the young individual spending his/her money. The most significant factors out of the lot were income, satisfaction, friend's information, advertisements information, entertainment and age as respondents

**On 1989 Pritchard, Myers& Cassidy** conducted the study that the savings and spending habits of youngsters in United States. Students were divided into three categories they are savers, necessity spenders and discretionary savers spenders.

On 2013 Mathivanan&Mohanaranjiniconducted a research on Financial literacy of women also diverges among age groups in that the elder women tended more likely to have less financial literacy scores.

On 2010 Huston describes, some of the studies have suggested that the gender is a significant variable impacting on the level of financial literacy

**ANALYSIS AND INTREPRETATION:**

**Socio- economic profile of the respondents**

**Table 1**

S.No	Demographic		No. of respondents	Percentage
1	Gender	male	58	47%
		Female	67	53%
2	Family type	Joint	56	45%
		Nuclear	69	55%
3	Educational qualification	SSLC	18	14.40%
		HSC	43	34.40%
		Ug	36	28.80%
		Pg	28	22.40%
4	Savings of respondent	Yes	112	90%
		No	13	10%
5	Investment avenues	Bank deposit	36	29%
		Post office	56	45%
		Chit fund	19	15%
		Others	14	11%

Source: primary data table 1 clearly shows that majority gender is female. Most belong to the nuclear family. Majority belong to hsc category. Savings af the respondents are good. Respondents are aware and using all available investment avenues.

Percentage analysis

**SHOWING RESPONDENTS KNOWLEDGE ABOUT MARKET RISK ASSOCIATED WITH DIFFERENT INVESTMENT AVENUES**

KNOW ABOUT MARKET RISK IN INVESTMENT AVENUES	NO. OF RESPONDENTS	PERCENTAGE
yes	86	69%
no	39	31%
total	125	100%

**INTERPRETATION**

The above table depicts that to know about market risk in investment avenues of the respondents. Out of 100% of respondents ,69%of the respondents said Yes about Market Risk associated with different Investment Avenues, 31% of the respondents said No about Market Risk associated with different Investment Avenues.

**Hence, majority 69% of the respondents said Yes about Market Risk associated with different Investment Avenues**

**SHOWING REGULARITY IN SAVINGS OF RESPONDENTS**

<b>REGULARITY IN SAVINGS</b>	<b>NO. OF RESPONDENTS</b>	<b>PERCENTAGE</b>
yes	86	69%
no	39	31%
total	125	100%

**INTERPRETATION**

The above table depicts the Regularity in savings of the respondents. Out of 100% of respondents ,69%of the respondents said Yes in Regularity in Savings, 31%of the respondents said No in Regularity in Savings.

**Hence, majority 69% of the respondents said Yes in Regularity in Savings.**

**FINDINGS, SUGGESTIONS AND CONCLUSIONS**

**FINDINGS:**

**PERCENTAGE ANALYSIS:**

- ❖ The majority (67%) of the respondents are female users.
- ❖ The majority (55.20%)of the respondents are nuclear family
- ❖ The majority (90.40%)of the respondents are unmarried.
- ❖ The majority (55.20%)of the respondents are nuclear family.
- ❖ The majority (34%)of the respondents of the educational qualification are HSE.
- ❖ The majority (38%) of the respondents are Private sector.

**SUGGESTIONS:**

- ❖ Majority of the respondents have no awareness about the chit funds. So awareness would be created to increase investment avenues.
- ❖ Most of the respondents have knowledge about the market risks associated with the investment. But also there should be awareness needs to be created to enable the people to know about the risks involved in making any investment in order to safeguard their money.
- ❖ Most of the respondents are not giving importance to Education and health. So there should be given more importance.
- ❖ Most of the respondents gain financial knowledge through online, so to make a wide reach among people, the government had to use online sites as a medium to create awareness about financial related policies.
- ❖ Most of the respondents are not having higher educations. So there should be wanted higher educational level.

**CONCLUSIONS:**

- Before conclusions, it would be prudent to share the key learning derived from this study. The study has provided me with the real exposure to the financial knowledge and savings and spending habits of the people and also I have learned how to approach people to get the information that is need for the study. As per the finding of the study , people have started to develop a saving habits even in their younger age as many of the respondents of this study has saving habits and also most of them have a bank account as their preferred mode of investing their savings in the bank deposit and post office savings and process of the prices of basic needs continue to grow ,we can find as major part of their income is spent on the food and cosmetics and beauty care, we can also find that there is no difference between the spending behavior of men and women differ as both spend on the same attributes .we can also find that the financial knowledge of the people was strong enough to make a good investment decision. Overall the younger generation of this country have stronger knowledge about finance along with saving habits will make this country to make a stable economic growth.