

A Study on the Spending and Saving Habits of College Students in Kattakada Grama Panchayat, Thiruvananthapuram District

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ABSTRACT: Satisfaction of a want leads to the emergence of other and the human wants are unlimited. People spend money on both essential and non-essential items. Managing finances for young people has become increasingly challenging due to changing lifestyles and economic conditions. The spending and saving habits of youth reflect not only economic and lifestyle trends but also indicate broader social changes in society. The youth referred to in this study include undergraduate and postgraduate college students aged 17-25 years.

Recent reports indicate the generation Z contributes significantly to consumer spending in India, while many young individuals have also begun developing saving and investment habits at an early stage. The use of digital payment platforms such as UPI, Mobile Wallets, and Online banking has made financial transactions faster and more convenient for students. This study was undertaken to analyse the spending and saving habits of college students in Kattakada and to identify the factors that influence their financial behaviour. The study may help in understanding students' financial management practices and their approach towards spending and saving.

KEYWORDS: Spending, Saving, Generation Z, Generation Alpha, Generation Y, Digital Payments, UPI, Deposits

INTRODUCTION

Saving and spending are two important aspects closely interconnected with an economy. For young people, the transition from childhood to adulthood can be a challenging period, as they begin to take responsibility for managing their personal finances. During this stage, many young people face challenges such as leaving their parental homes, entering the workforce, and beginning to build their own lives. Two notable characteristics of the younger generation of the shopping behaviour are their preference for online shopping and increasing brand consciousness. With information readily available through digital platforms, youngsters spend considerable time comparing products and evaluating different purchasing options. Increased pocket allowances and opportunities for part-time employment have also made youth one of the most influential consumer groups in the economy.

Developing good financial habits at an early age can contribute to greater financial stability in the future. Students who learn to manage money effectively are more likely to avoid financial difficulties such as debt, overspending, and financial stress. Therefore, understanding spending and saving habits can help educators and policymakers to design programmes that promote financial literacy among students. With growing access to education, technology, and digital platforms, students actively participate in the market for goods and services. Young consumers spend money on education, food, travel, entertainment, fashion, and digital services. Studies indicate that young people are often influenced by social media, advertising, and peer groups, which significantly affect their spending patterns and financial decisions.

Importance of Financial Management Among Students

Normally financial management refers to the process of planning, organising, and controlling financial resources effectively. For college students, financial management plays a crucial role in ensuring that the limited financial resources are used wisely. Most of the effective financial management helps students meet their educational and personal needs while encouraging responsible spending and regular saving habits. It also encourage them to prepare for future goals and respond to unexpected financial situations more efficiently.

A Study on the Spending and Saving Habits of College Students in Kattakada Grama Panchayat, Thiruvananthapuram District

Consumption Pattern of the Youth and their Changing Lifestyle

Modern students are influenced by fashion trends, technology, entertainment, and social media. The lifestyle of young people has undergone significant changes in recent years, which have greatly affected their consumption behaviour and spending preferences. Many students spend money on gadgets, clothing, online subscriptions, entertainment, and leisure activities. At the same time, the widespread availability of digital payment systems such as mobile wallets and online banking has made financial transactions faster and more convenient to the students. While these facilities offer access and convenience, they may also encourage frequent spending. Consequently, students may find it challenging to maintain a balance between spending and saving, making financial management increasingly important.

Spending and Saving

According to Jim Chappelow, *“Consumer spending is the total money spent on final goods and services by individuals and households for personal use and enjoyment in an economy. Contemporary measures of consumer spending include all private purchases of durable goods, non-durable goods, and services. Consumer spending can be regarded as complementary to personal saving, investment, and production in an economy.”*

According to the Editors of Encyclopaedia Britannica, *“Saving is the process of setting aside a portion of current income for future use, or the accumulation of resources over a period of time. Saving may take the form of bank deposits, purchases of securities, or increased cash holdings. The extent to which individuals save is influenced by their preference for future over present consumption, expectations of future income, and the rate of interest.”*

Role of Technology in Student Spending Behaviour

In transforming the consumer behaviour among students, technology has played a significant role. The widespread use of smart phones and internet access enables students to explore a wide range of products and services. The young consumers are attracted by Online shopping platforms, offer discounts, promotional offers, and convenient payment options. The social media advertisements and influencer marketing also play a significant role in shaping students' purchasing decisions. As a result, students may develop spending habits that are influenced more by trends and peer pressure than by actual needs. These technological influences help in understanding how modern students manage their financial resources and make financial decisions.

Need for Saving among College Students

Saving money is an essential habit that helps individuals to prepare for the future uncertainties and financial emergencies. In case of college students, savings provide financial security and support the achievement of future goals such as higher education, entrepreneurship, or personal development. By developing a saving habit at a young age promotes financial discipline and responsible money management among students.

However, many college students tend to focus on immediate consumption rather than long-term financial planning. Excessive spending on non-essential items may reduce their ability to save and can lead to poor financial management. Therefore, encouraging saving habits among students can help them develop a responsible attitude towards money and strengthen their financial stability in their future. So young people should be encouraged to develop saving and investment habits from an early age. Regular savings may also help individuals meet future financial needs, cope with emergencies, and achieve personal goals such as higher education, business ventures, or home ownership.

Students Spending Habits Around the World

Students have become an important consumer group in the modern global economy. While comparing with the previous generations, today's students are more exposed to global consumer culture through technology, media, and international trends. As a result, many students spend not only on basic necessities but also on lifestyle products, entertainment, travel, and personal experiences. The rapid growth of e-commerce platforms and digital payment systems has further simplified purchasing decisions and online transactions. These developments have significantly influenced the way of students to manage and spend their financial resources.

Students Spending Behaviour in India

India has one of the largest youth populations in the world, and young consumers play a significant role in the country's economy. Commonly college students spend money on education, food, fashion, gadgets, entertainment, travel, and online services. The increasing use of digital payment platforms such as UPI, mobile wallets, and internet banking has transformed spending habits by making transactions faster and more convenient. Also, the awareness regarding saving and investment is gradually increasing among young people. Many students have started adopting financial planning practices and explore various saving and investment

A Study on the Spending and Saving Habits of College Students in Kattakada Grama Panchayat, Thiruvananthapuram District

options at an early age. Thereby, the financial behaviour of Indian students reflects a combination of modern consumption patterns and growing financial awareness.

Students Spending Habits in Kerala

Kerala is known for its high literacy rate and strong educational infrastructure. Due to globalization, students in Kerala are increasingly exposed to modern consumer culture technological advancement, and greater internet accessibility. College students commonly spend money on transportation, food, mobile phones, internet services, clothing, education, and entertainment activities. The growing popularity of online shopping platforms and digital payment applications has also influenced spending behaviour among students. Increased access of technology has improved convenience, and encouraged greater consumption of goods and services. At the same time, awareness regarding saving and financial planning gradually increased among young people in the state.

Spending Behaviour in Generational Differences

Financial behaviour varies across generations due to differences in economic conditions, technological advancements, and social values. Millennials (Generation Y), generally born between 1981 and 1996, tend to focus on balancing spending and saving while emphasising long-term financial planning, investments, and career stability.

Generation Z, born between 1997 and 2012, represents the current generation of college students. This generation is highly connected to technology and social media, and its spending behaviour is often centred on experiences such as travel, dining, entertainment, and digital services. At the same time, many members of Generation Z actively engage in saving and investing, reflecting growing financial awareness.

Avenues of Savings

Students can save money through various financial instruments and saving schemes. Common avenues of savings include savings bank accounts, post office savings schemes, recurring deposits, fixed deposits, chitties and kuries, and other investment options. These avenues help individuals develop regular saving habits while providing financial security and future benefits. Choosing an appropriate saving avenue depends on factors such as income level, financial goals, and risk preference.

Factors Influencing Spending and Saving Habits

Several factors influence the spending and saving habits of individuals. These include:

1. Individual preferences and tastes
2. Family background and financial status
3. Level of income
4. Social lifestyle and peer influence
5. Upbringing and parental guidance
6. Educational environment
7. Stress and emotional factors
8. Emergency situations and unexpected expenses

These factors collectively shape financial decisions and determine how individuals allocate their income between spending and saving.

Spending habits among youth

While studying spending habits among youth it helps in understanding their financial behaviour and encourages the development of better saving practices. Today's youth spend money on various categories such as food, personal care products, education, entertainment, transportation, mobile phones, clothing, accessories, and digital services. Lifestyle changes, technological advancements, advertising, and peer influence significantly affect spending patterns. Therefore by understanding these habits can help young people make more informed financial decisions and maintain a balance between spending and saving.

Types of Deposit Accounts in India

Banks offer various types of deposit accounts to meet the financial needs of different individuals. These accounts provide facilities for saving, investing, and managing money. The major types of deposit accounts available in India include Current Accounts, Savings Accounts, Recurring Deposit Accounts, and Fixed Deposit Accounts.

A Study on the Spending and Saving Habits of College Students in Kattakada Grama Panchayat, Thiruvananthapuram District

1. Current Account

A Current Account, also known as a demand deposit account, is a type of bank account that allows individuals and businesses to easily access their money and perform transactions such as cash withdrawals, cheque payments, and fund transfers. These accounts generally offer high transaction flexibility but do not provide interest on deposits.

Relationship of Current Accounts with Youth Spending and Saving

Among youth, current accounts are mainly used by those engaged in part-time employment, freelancing, online businesses, or entrepreneurial activities. These accounts help them manage frequent financial transactions efficiently.

2. Savings Bank Account

A Savings Bank Account is designed to encourage individuals to save money while providing easy access to their funds. These accounts generally offer interest on deposited money, helping account holders increase their savings over time.

Relationship of Savings Accounts with Youth Spending and Saving

Savings accounts play a vital role in shaping the financial habits of youth, especially students. They offer interest on deposits and provide a balance between saving and spending while allowing withdrawals whenever necessary. These accounts encourage financial discipline and regular saving habits.

3. Recurring Deposit Account

A Recurring Deposit (RD) Account is a savings scheme offered by banks and financial institutions in which an individual deposits a fixed amount every month for a predetermined period, usually ranging from six months to ten years. The interest rate on an RD account is generally higher than that of a savings account but lower than that of a fixed deposit.

Relationship of Recurring Deposit Accounts with Youth Spending and Saving

Recurring Deposit accounts promote systematic and disciplined saving habits among young people. By requiring a fixed monthly deposit, these accounts encourage students and young earners to save regularly from their allowances, scholarships, or part-time earnings.

4. Fixed Deposit Account

A Fixed Deposit (FD) Account is a type of term deposit offered by banks and financial institutions. In this account, a lump sum amount is deposited for a fixed period, which may range from one month to ten years. Fixed deposits generally provide higher interest rates than regular savings accounts. Thereby many youth are interested to save in the fixed deposit account.

The Spending and Saving and the Relationship of Fixed Deposit Accounts with Youth

Mostly the Fixed Deposit accounts encourage long-term financial planning by restricting access to deposited funds until maturity. This feature helps young people avoid impulsive spending and develop disciplined saving habits while earning a stable return on their investment.

Access to Banking Services through various channels:

Modern banking services can be accessed through various channels, including unit banking, branch banking, online banking, mobile banking, Automated Teller Machines (ATMs), demand drafts, and debit or credit cards (plastic money). These channels provide customers with convenient and efficient methods for conducting financial transactions and managing their accounts.

Money Withdrawal Among Youth through Various Methods

In recent years, the methods through which youth access and withdraw money have changed significantly due to technological advancements and the growth of digital banking. College students use a variety of withdrawal methods based on convenience, accessibility, and personal preference. They are as follows,

- 1. ATM Withdrawals:** Automated Teller Machines (ATMs) remain one of the most common methods used by students to withdraw cash. Debit cards allow easy access to money at any time for daily expenses such as food, transportation, and small purchases.
- 2. Bank Withdrawals (Over-the-Counter):** Some students prefer withdrawing money directly from banks using withdrawal slips or cheques. This method is often used when larger amounts are required or when ATM facilities are unavailable.
- 3. Digital Wallet Transfers:** With the increasing popularity of digital payment platforms such as Google Pay, PhonePe, and Paytm, students frequently transfer funds from their bank accounts to digital wallets. Although not a direct cash withdrawal method, it provides a convenient alternative to physical cash transactions.

A Study on the Spending and Saving Habits of College Students in Kattakada Grama Panchayat, Thiruvananthapuram District

4. **UPI-Based Withdrawals:** The Unified Payments Interface (UPI) has become highly popular among young consumers. Certain ATMs and merchant outlets now offer cardless cash withdrawal facilities through UPI applications, making transactions faster and more convenient.
5. **Cash Back at Retail Stores:** Some retail stores provide cashback facilities that allow customers to withdraw small amounts of cash while making purchases using debit cards or UPI payments. This option is useful when ATMs are not easily accessible.
6. **Internet Banking Transfers:** Students may transfer funds electronically to another account and withdraw the money when necessary. This method is particularly useful for managing shared expenses and emergency situations.
7. **Prepaid Cards and Student Cards:** Prepaid cards and student cards can be loaded with a specific amount of money and used for purchases or cash withdrawals. These cards help students maintain better control over their spending.

STATEMENT OF THE PROBLEM

The spending and saving habits of youth have undergone many changes in recent years. Increased exposure to consumer culture, technological advancements, and greater financial independence have influenced the spending behaviour of college students. Many students spend a certain portion of their income on lifestyle products, entertainment, and personal needs, while savings remains a challenge for them. Although college students generally have limited income sources, it is essential to know how they manage their expenses and savings has become increasingly important. Therefore, this study seeks to examine the spending and saving habits of college students and also try to identify the factors influencing their financial behaviour.

OBJECTIVES

The specific objectives of the study are:

- To identify the sources of income of students.
- To analyse the spending patterns of youth.
- To examine the saving methods adopted by students and the factors influencing their saving behaviour.
- To identify the trend values of spending and saving habits of students.

METHODOLOGY

For this study, primary data were collected from students of Christian College, Kattakada using a structured questionnaire. Secondary data were collected from published sources such as books, journals, research articles, websites, and previous studies related to the spending and saving habits of students.

INTERPRETATION

TABLE 1: Sources of Income of Students

Particulars	No. of Students	Percentage of students
Pocket Money	30	60%
Scholarship/Grant	5	10%
Part-time Job	13	26%
Business	1	2%
Others	1	2%
Total	50	100%

Source: Primary Data

Table 1 shows that pocket money is the primary source of income for the majority of students (60%). A smaller proportion of students receive income through scholarships or grants (10%), part-time employment (26%), business activities (2%), and other sources (2%).

A Study on the Spending and Saving Habits of College Students in Kattakada Grama Panchayat, Thiruvananthapuram District

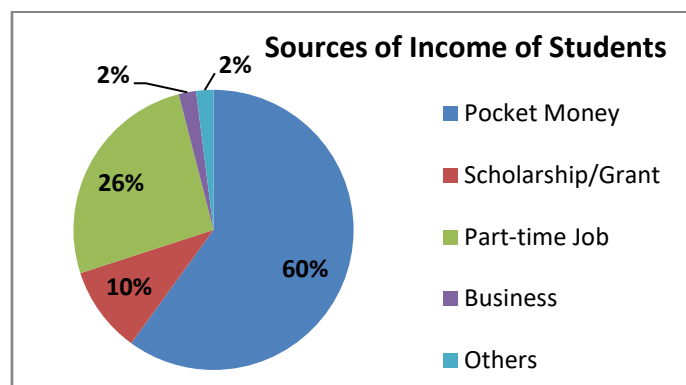


TABLE 2: Income Received Per Month

Particulars	No. of Students	Percentage of students
Less than Rs.500	29	58%
Rs.500 – Rs.1000	10	20%
Rs.1000 – Rs.2000	7	14%
More than Rs.2000	4	8%
Total	50	100%

Source: Primary Data

Table 2 reveals that 58% of students have an income less than Rs.500 per month. About 20% have an income between Rs.500 and Rs.1000, while 14% have an income between Rs.1000 and Rs.2000. About 8% of the students have an income more than Rs.2000. This indicates that most students receive less than Rs.500 per month as income.

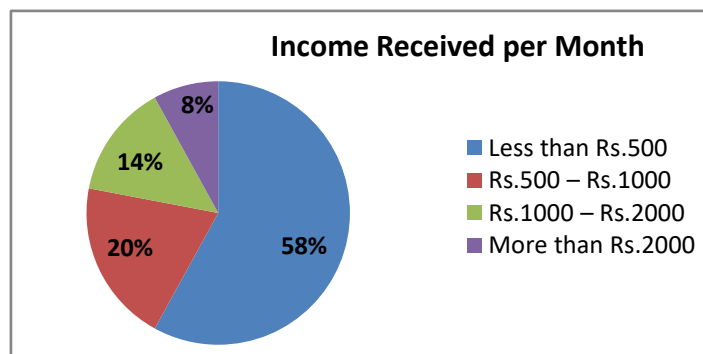


TABLE 3: Monthly Spending of Students

Particulars	No of Students	Percentage of students
Less than Rs.500	24	48%
Rs.500 – Rs.1000	20	40%
Rs.1000 – Rs.2000	5	10%
More than Rs 2000	1	2%
Total	50	100%

Source: Primary Data

Table 3 reveals that 48% of students spend less than Rs.500 per month. About 40% spend between Rs.500 and Rs.1000, while only a small proportion spend more than Rs.1000. This indicates that most students maintain relatively low monthly expenditure.

A Study on the Spending and Saving Habits of College Students in Kattakada Grama Panchayat, Thiruvananthapuram District

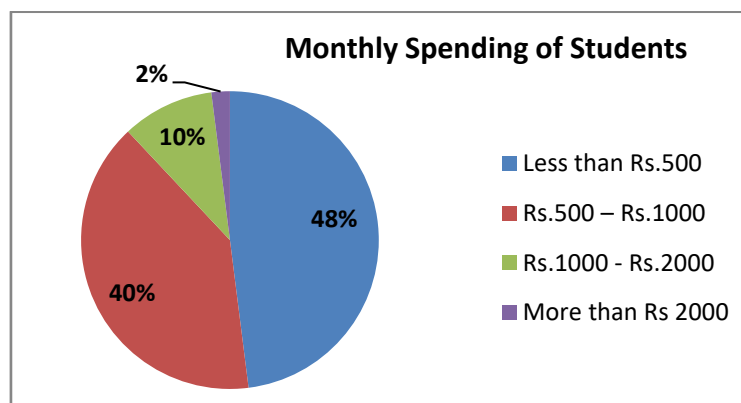


TABLE 4: Frequency of Shopping

Particulars	No of Students	Percentage of students
Once in a month	37	74%
Twice in a month	5	10%
Three to Four times in month	8	16%
Weekly	0	0%
Total	50	100%

Source: Primary Data

Table 4 shows that the majority of students (74%) go shopping once a month. About 10% shop twice a month, while 16% shop three to four times a month. None of the respondents reported shopping on a weekly basis.

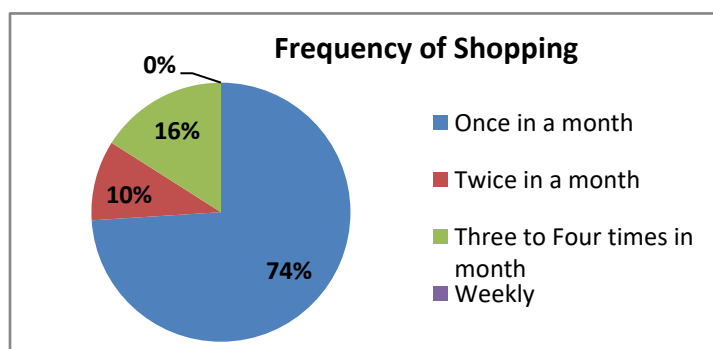


TABLE 5: Method of Payment

Particulars	No of Students	Percentage of students
Google Pay	34	68%
Cash	13	26%
Cheque	0	0%
Debit/Credit Cards	3	6%
Others	0	0%
Total	50	100%

Source: Primary Data

Table 5 indicates that Google Pay is the most preferred payment method among students, accounting for 68% of responses. Cash is used by 26% of students, while 6% prefer debit or credit cards. None of the respondents reported using cheques or other payment methods.

A Study on the Spending and Saving Habits of College Students in Kattakada Grama Panchayat, Thiruvananthapuram District

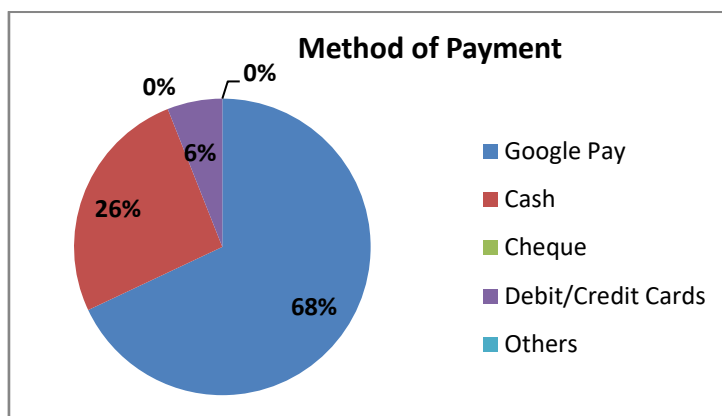


TABLE 6: Purpose of Savings

Particulars	No of Students	Percentage of students
Habit	6	12%
Higher Studies	9	18%
Shopping	17	34%
To Help my parents	9	18%
Traveling	2	4%
Others	7	14%
Total	50	100%

Source: Primary Data

Table 6 shows that shopping is the primary purpose of saving among students (34%). Saving for higher studies and helping parents each account for 18% of responses, while 12% save as a habit. A smaller proportion save for travelling (4%) or for other purposes (14%).

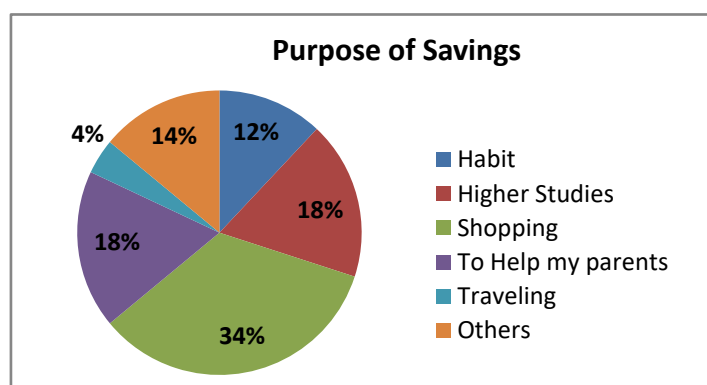


TABLE 7: Amount of Savings Per Month

Particulars	No of Students	Percentage of students
Less than 500	38	76%
Rs 500- Rs 1000	8	16%
Rs 1000- Rs 2000	3	6%
More than Rs 2000	1	2%
Total	50	100%

Source: Primary Data

Table 7 shows that the majority of students (76%) save less than Rs.500 per month. About 16% save between Rs.500 and Rs.1000, while only a small number save more than Rs.1000. This suggests that most students have relatively low levels of monthly savings.

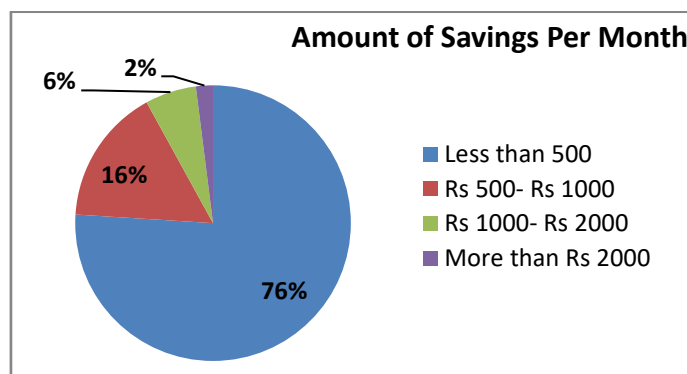


TABLE 8: Various Saving Avenues of Students

Particulars	No of Students	Percentage of students
Post office savings	8	16%
Savings account	25	50%
Chittis and Kuries	4	8%
Recurring Deposit	0	0%
Time deposit	0	0%
Others	13	26%
Total	50	100%

Source: Primary Data

Table 8 reveals that savings accounts are the most preferred avenue of saving among students (50%). Post office savings schemes account for 16%, while chitties and kuries account for 8% of the respondents. None of the respondents reported using recurring deposits or time deposits. About 26% use other saving methods.

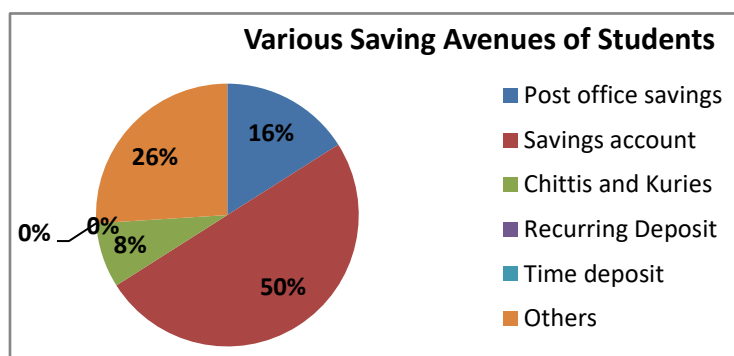


TABLE 9: Spending and Saving Habits of Students

Particulars	No of Students	Percentage of students
Saving more than Spending	16	32%
Spending more than Savings	22	44%
Equal Spending & Saving	12	24%
Other	0	0%
Total	50	100%

Source: Primary Data

The table shows that 44% of students spend more than they save, while 32% save more than they spend. About 24% maintain an equal balance between spending and saving. This suggests that spending exceeds saving for a considerable proportion of students.

A Study on the Spending and Saving Habits of College Students in Kattakada Grama Panchayat, Thiruvananthapuram District

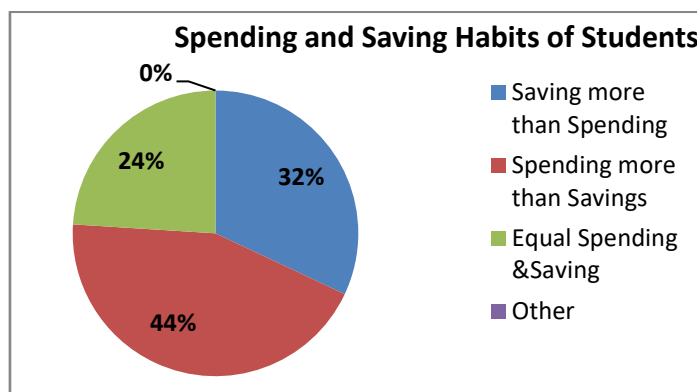


TABLE 10: Trend Analysis

Particulars	No of Students (Y)	X	XY	X ²
Saving more than Spending	16	-3	-48	9
Spending more than Savings	22	-1	-22	1
Equal Spending & Saving	12	1	12	1
Others	0	3	0	9
Total	50	0	-58	20

$$\Sigma y = 50$$

$$\Sigma x = 0$$

$$\Sigma xy = -58$$

$$\Sigma x^2 = 20$$

$$Y = a + bx$$

$$a = \frac{\Sigma y}{n} = \frac{50}{4} = 12.5$$

$$b = \frac{\Sigma xy}{\Sigma x^2} = \frac{-58}{20} = -2.9$$

Therefore, the straight-line trend is given by the equation:

$$Y = a + bx$$

$$Y = 12.5 - 2.9x$$

TREND VALUES

$$\text{When } x = -3, Y = 12.5 - (2.9 \times -3) = 21.2$$

$$\text{When } x = -1, Y = 12.5 - (2.9 \times -1) = 15.4$$

$$\text{When } x = 1, Y = 12.5 - (2.9 \times 1) = 9.6$$

$$\text{When } x = 3, Y = 12.5 - (2.9 \times 3) = 3.8$$

Weighted Mean Score

$$\text{Weighted Mean} = \frac{\Sigma XY}{\Sigma Y}$$

$$= \frac{-58}{50} = -1.16$$

The negative value indicates that the responses are inclined towards the category "Spending more than Savings". Therefore, the majority of students spend a larger proportion of their income than they save.

FINDINGS

- Pocket money is the primary source of income for the majority of students (60%).
- A significant proportion of students (26%) earn income through part-time employment.
- Most students (58%) receive less than Rs.500 per month as income.
- Nearly half of the students (48%) spend less than Rs.500 per month.
- The majority of students (74%) go shopping once a month.
- Google Pay is the most preferred mode of payment among students, accounting for 68% of responses.
- Shopping is one of the major purposes for saving money among students.
- Most students (76%) save less than Rs.500 per month.
- Savings accounts are the most preferred avenue of saving, used by 50% of students.
- A larger proportion of students (44%) spend more than they save, while 32% save more than they spend.
- The increasing use of digital payment methods indicates a high level of technological adoption among students.
- Students generally show awareness of saving habits, although their expenditure often exceeds their savings.

A Study on the Spending and Saving Habits of College Students in Kattakada Grama Panchayat, Thiruvananthapuram District

The study indicates that students are increasingly adopting digital payment methods and modern financial practices. While most students depend on pocket money as their primary source of income, some supplement their income through scholarships and part-time employment. Although students demonstrate awareness of the importance of saving, their expenditure often exceeds their savings. These findings highlight the need for greater financial literacy and improved money management practices among college students.

CONCLUSION

The study was conducted to examine the spending and saving habits of students of Christian College, Kattakada. The findings reveal that pocket money is the primary source of income for most students and that a large proportion of students receive less than Rs.500 per month. Although students demonstrate awareness of the importance of saving, many spend more than they save. Shopping and personal expenses constitute significant areas of expenditure among students.

The study reveals that the digital payment methods, particularly Google Pay, is widely used by students due to their convenience and accessibility. The study also reveals that due to high spending many students are unable to save. Savings accounts are the most preferred avenue of saving, indicating a growing awareness of financial management among the youth. Overall, the study highlights the importance of promoting financial literacy and encouraging responsible spending and saving habits among college students of kattakada. Developing sound financial practices at an early age can contribute to greater financial security and better money management in the future.

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