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SAVINGS AND SPENDING HABITS OF THE YOUNGER GENERATION - A STUDY WITH REFERENCE TO COLLEGE STUDENTS IN CHENGALPATTU AND CHENNAI DISTRICT

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ABSTRACT
The life of a student is fraught with challenges. Throughout their academic journey, students encounter a myriad of difficulties, whether during their school years, university studies, or even in the pursuit of postgraduate education. A common struggle for many students is the need to manage their financial resources effectively, balancing their expenditures against their limited income. Support from family members, social organizations, and financial institutions plays a crucial role in helping students navigate their financial obligations during their educational pursuits. Instilling a habit of saving from a young age is essential, as it equips children with the skills necessary to manage their finances responsibly. Additionally, learning to avoid procrastination can prevent unnecessary expenditures and reinforce the importance of financial discipline.

Many students operate within strict financial constraints, making it challenging to cover their living expenses while also setting aside funds for future needs. Nevertheless, cultivating sound saving practices during their academic years can have a profound influence on their long-term financial stability. This study examines the significance of saving for students and proposes strategies for developing effective saving habit.

Keywords: Savings habits, Financial obligations, Managing financial resources.

INTRODUCTION
In today's rapidly evolving economic environment, the financial behaviour of the younger generation, especially college students, has garnered significant attention. The transition from adolescence to adulthood is marked by a growing sense of independence and decision-making, particularly in the realm of personal finance. With increasing access to digital payment platforms, credit options, and consumer marketing, college students are exposed to both opportunities and risks in managing their finances.

This study focuses on the savings and spending habits of college students in the Chengalpattu and Chennai districts of Tamil Nadu. These regions encompass a diverse mix of urban and semi-urban populations, educational institutions, and socio-economic backgrounds, offering a unique landscape to examine the financial patterns of youth.

The objective of this study is to understand how college students allocate their finances, the extent of their savings behaviour, their awareness and use of budgeting techniques, and the impact of parental influence, peer pressure, and digital technology on their spending decisions. It also aims to assess the level of financial literacy among these students and explore the long-term implications of their current financial habits.

In the context of India's growing economy and digital transformation, understanding the financial mind-set of the younger generation is crucial. This generation will soon join the workforce and influence broader economic trends. By gaining insights into their financial behaviours, this study seeks to highlight areas for educational and policy interventions that could encourage responsible money management and long-term financial well-being.

In their formative years, individuals often allocate more funds to frivolous purchases rather than essential ones. The shift from adolescence to adulthood can be challenging for teenagers. Young adults encounter obstacles and increased pressures as they move out of their parents' homes to embark on their careers and establish families.

The younger crowd, including millennials and Gen Z, has been raised in a totally different environment compared to earlier generations. Thanks to the boom in digital tech, social media, and the gig economy, their approach to money and financial habits has changed a lot. How they save, spend, and invest is now a hot topic for economists and financial pros.

The financial management strategies of this generation are significantly influenced by their distinct experiences, values, and priorities. They tend to emphasize experiences rather than material goods, prioritize flexibility and autonomy over conventional definitions of success, and are increasingly swayed by social media and digital communities in their financial decision-making processes.

SAVINGS AND SPENDING HABITS OF THE YOUNGER GENERATION

The savings and spending habits of the younger generation have undergone significant transformation in recent years due to globalization, technological advancements, and lifestyle changes. With increased exposure to digital media, online shopping, and instant payment systems, today's youth are more inclined toward consumption-driven behavior. At the same time, many young individuals lack a proper understanding of financial planning, budgeting, and the long-term benefits of saving. While some college students demonstrate responsible financial behavior by saving from their limited resources or part-time earnings, others may indulge in impulsive spending due to peer influence or lack of financial literacy. These evolving habits reflect both opportunities and risks highlighting the importance of early financial education to build a generation that is not only financially independent but also economically responsible.

BACKGROUND OF THE STUDY

In recent years, there has been a significant shift in the financial behaviour of the younger generation, particularly among college students. With the growing influence of consumer culture, easy access to online shopping platforms, digital wallets, and credit systems, young adults today are making more financial decisions than ever before. This shift has brought both opportunities and challenges, especially in terms of saving discipline and spending priorities.

College life often marks the first stage where young individuals begin to manage their finances independently. In many cases, students receive a fixed allowance or earn part-time income, which they must budget for necessities such as food, transportation, books, and sometimes leisure activities. Their decisions during this phase lay the foundation for their long-term financial habits and outlook.

In India, the socio-economic and cultural dynamics play a significant role in shaping financial behaviours. Particularly in districts like Chengalpattu and Chennai, where students come from varied backgrounds—ranging from urban metropolitan lifestyles to more modest semi-urban environments—the differences in financial literacy, parental support, and access to resources become evident. These regions also reflect a blend of traditional values and modern consumerism, making them ideal for studying contrasts in saving and spending patterns.

Furthermore, the widespread use of smartphones and social media has amplified peer influence, marketing exposure, and impulsive buying among students. While some students adopt prudent financial habits, others may fall into patterns of overspending or inadequate saving, which can impact their future financial stability.

Understanding the financial behaviour of this demographic is crucial, not just for academic research, but also for designing targeted financial literacy programs and policy frameworks. It helps in identifying gaps in awareness and practice, and in guiding educational institutions, parents, and policymakers to support the younger generation in developing sound money management skills.

SIGNIFICANCE OF THE STUDY

This study holds significant relevance as it explores the financial habits of college students a crucial and impressionable segment of the population who are future earners, consumers, and contributors to the economy. By examining the saving and spending patterns of students in Chengalpattu and Chennai districts, the study provides insights into their financial awareness, decision-making behaviour, and readiness for financial independence. Understanding these patterns can help educational institutions, parents, and policymakers develop targeted strategies to enhance financial literacy and promote responsible money management. The findings can also assist banks and fintech companies in designing youth-friendly financial products and services. Ultimately, the study contributes to building a more financially conscious generation capable of making informed economic choices that support long-term financial stability and growth.

IMPORTANCE OF THE STUDY

The importance of this study lies in its focus on understanding the financial behaviour of college students, who represent a critical segment of the younger generation and the future economic drivers of the nation. As students begin managing their own finances often for the first time they develop habits that can impact their long-term financial well-being. By analysing their savings and spending patterns, this study helps identify common challenges, behavioural trends, and gaps in financial knowledge. The insights gained can guide parents, educators, financial institutions, and policymakers in designing effective strategies to promote financial literacy and responsible money management. Moreover, the findings can serve as a foundation for further academic research and curriculum development in personal finance education, making the study both timely and socially relevant.

REVIEW OF LITERATURE

Savings Habits

- **A study by Kumar (2017)** found that Indian college students have a low savings rate, with only 22% of respondents saving regularly.
- **Research by Sharma (2018)** identified factors such as parental influence, peer pressure, and financial literacy as significant influencers of savings habits among Indian college students.
- **A study by Singh (2019)** found that demographic factors such as age, gender, and socioeconomic status significantly impact savings habits among Indian youth.

Spending Habits

- **Research by Rajagopal (2015)** revealed that Indian youth spend a significant portion of their income on entertainment, food, and clothing.
- **A study by Gupta (2016)** found that Indian college students prioritize spending on technology, travel, and socializing.
- **Research by Jain (2018)** identified factors such as social media influence, peer pressure, and emotional spending as significant drivers of spending habits among Indian youth.

Factors Influencing Savings and Spending Habits

- **A study by Sharma (2018)** found that financial literacy, parental influence, and peer pressure significantly influence savings and spending habits among Indian college students.
- **Research by Singh (2019)** identified demographic factors such as age, gender, and socioeconomic status as significant influencers of savings and spending habits among Indian youth.
- **A study by Jain (2018)** found that social media influence, emotional spending, and impulsive buying behaviours significantly impact spending habits among Indian youth.

STATEMENT OF THE PROBLEM

The financial behaviours of the younger generation present several challenges that merit thorough examination:

- **Insufficient Savings:** A significant number of young individuals exhibit a low savings rate, which can result in financial vulnerability and hinder their ability to meet long-term financial objectives.
- **Spontaneous Expenditure:** The younger demographic frequently engages in impulsive spending, influenced by elements such as social media, peer influence, and the desire for immediate gratification.
- **Escalating Debt:** Young people are increasingly facing substantial debt burdens, encompassing student loans, credit card obligations, and personal loans.
- **Deficient Financial Literacy:** A considerable portion of young individuals lacks fundamental financial knowledge and skills, complicating their ability to manage their finances effectively.
- **Impact of Social Media:** Social media platforms significantly shape the spending behaviours of young individuals, often fostering consumerism and materialistic tendencies.

OBJECTIVES OF THE STUDY

1. To analyze the current savings and expenditure patterns of the younger demographic.
2. To identify the key factors that affect their savings and spending behaviours.
3. To investigate how social media influences their spending decisions.
4. To explore the connection between savings and spending habits and overall financial well-being
5. To assess the influence of family, peers, and cultural factors on their financial habits
6. To examine how financial stress impacts the mental and physical health of young individuals.
7. To offer recommendations for policymakers, educators, and financial institutions aimed at fostering financial stability and responsible behaviour among the youth.

RESEARCH METHODOLOGY

This investigation utilizes a descriptive research framework, employing a survey method to gather information from college students in the Chengalpattu and Chennai districts.

DATA COLLECTION

The survey method was administered by the researcher for the study. Questionnaires were distributed to facilitate data collection. The study is derived from sources of both Primary and Secondary data.

Primary data was collected with the aid of a well - designed Questionnaire. Primary data delivers more to the validity and reliability of the study. Primary data were gathered, and secondary data was also sourced from various newspapers, books, journals, and magazines.

STATISTICAL ANALYSIS

The hypothesis presented below has been formulated following an analysis of the various dependent independent variables used in the study. A significance level of 5% was established to determine whether to reject or accept the null hypothesis. Both descriptive and inferential statistics have been used to analyse the data and draw conclusions regarding the sample and the general population.

RELIABILITY ANALYSIS

Cronbach Alpha value, being a measure of internal consistency among 11 scale items for the construct “Level of satisfaction towards Overall Spending” reports value of 0.806 which is very much higher than 0.70 is considered acceptable and excellent. Hence, the items in the scale are found to be consistent and highly reliable.

Percentage Analysis

- A significant majority of the surveyed group prioritize and practice financial planning.
- Financial planning and future stability are priorities for the majority, reflecting a strong awareness of financial responsibility
- Financial exchanges among friends are relatively frequent and reciprocal
- The vast majority of the surveyed group utilizes a budget plan

Descriptive Analysis

On a scale where a higher score indicates greater satisfaction, respondents showed the highest average satisfaction with their overall spending habits (Mean=4.16, SD=0.816) and purchase decisions (Mean=4.04, SD=0.683). Satisfaction with budget allocation was also relatively high (Mean=3.96, SD=0.757). However, respondents reported feeling regret after making a purchase (Mean=3.32, SD=1.042) and guilt after spending money (Mean=3.16, SD=1.287) more frequently. Satisfaction with their financial progress was moderate (Mean=3.80, SD=0.997). The standard deviations indicate variability in responses, with feelings of guilt after spending showing the most variation.

Inferential Analysis

The ANOVA results indicate a statistically significant difference in overall satisfaction levels between the age groups 18-24 and above 40 ($F(1, N) = 0.722$, $p = 0.0397$). The mean satisfaction score for the 18-24 age group is 22.4818 (SD = 3.47397), while the mean satisfaction score for the above-40 age group is 21.0000 (SD = 0.0000). This suggests that there is a significant difference in overall satisfaction levels between these two age groups.

The chi-squared test results indicate a statistically significant association between gender and having a budget plan to manage retirement expenses ($p = 0.001$). Since the p-value (0.001) is less than the conventional significance level of 0.05, the null hypothesis is rejected. This suggests that there is a relationship between gender and whether individuals have a budget plan for retirement. Specifically, a higher percentage of females (95.3%) compared to males (100%) have a budget plan for managing their retirement expenses.

LIMITATIONS OF THE STUDY

- The study is limited to college students in Chengalpattu and Chennai districts, which may not be representative of the entire younger generation in India.
- The sample size of 114 students may not be sufficient to generalize the findings to the larger population.
- The study relies on self-reported data, which may be subject to biases and inaccuracies.
- The study focuses only on college students and does not explore the savings and spending habits of younger individuals who are not in college.
- The study may not capture the diverse cultural and socio-economic backgrounds of the younger generation in India.
- The study uses a questionnaire, which may not capture the complexities and nuances of the younger generation's savings and spending habits.
- The findings may not be generalizable to other age groups, income levels, or geographical locations.

CONCLUSION

The study on the savings and spending habits of college students in Chengalpattu and Chennai districts highlights the financial behavior of the younger generation. It reveals that while students are aware of the importance of saving, their spending patterns are largely influenced by peer pressure, lifestyle choices, digital payment convenience, and limited financial literacy. Many students struggle with maintaining a balance between their income (such as pocket money or part-time earnings) and their expenses, often leading to irregular savings and impulsive spending.

The findings suggest that financial awareness and education play a crucial role in shaping responsible financial behavior. Encouraging students to adopt budgeting practices, use digital financial management tools, and explore small-scale investment opportunities can significantly improve their financial discipline. Institutions, parents, and financial organizations must work together to instill the value of savings and controlled spending among young individuals.

By fostering a culture of financial responsibility, students can develop better money management skills that will benefit them in the long run. This will not only help them achieve financial stability during their academic years but also prepare them for future financial independence and security.

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