

# A STUDY OF SPENDING PATTERNS OF COLLEGE YOUTH

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**ABSTRACT:** This study tries to examine the spending patterns of the youth in Mumbai city with reference to the pocket money given to them. How much pocket money is given depends on the circumstances and the parents think is a reasonable amount. Pocket money also helps teach children about having to make choices, saving up, waiting for things they want and spending their hard saved money judiciously. As long as the child is comfortable and understands how much he will get, he can start learning how to use the money well.

**KEYWORDS:** pocket money, spending, saving, financial decisions.

## INTRODUCTION

Pocket Money' or 'allowance' refers to an amount of money given, at regular intervals, for a specified period of time. As the name suggests, pocket money refers to the money handed over to the children so that they can meet their daily expenses. This money can be given by the parents daily, weekly, monthly basis or as and when the child requires it.

Pocket money is one of the first ways by which children learn the basics of managing money and it makes the children feel independent. Children learn their attitudes towards money from home. Giving them pocket money helps to teach them about spending thoughtfully and saving – and even the consequences of misplacing money, losing it or giving money away.

Regardless of the amount of money, giving pocket money to children as young as eight or nine years helps them to learn about money planning and management.

Pocket money varies according to several determinants such as income of the parents, the city of residence, the general cost of living, the lifestyle of the student and many more similar factors. It can also differ based on whether the student is a local or an outstation student.

Similarly, the spending pattern also differs with reference to various determinants. Several factors like peer pressure, parent's spending pattern, also have an effect on the student's spending pattern.

The study of college students' expenditure pattern is rather interesting because students do not necessarily pay all the bills (i.e. college fees, grocery bills)- they are free to spend the money in accordance with their wishes. The study also broaches on whether college students feel the need to save their pocket money, and how exactly they use their savings.

## Advantages:

- Pocket money helps the children to learn how to make choices and get the maximum benefits out of a limited choice.
- Giving them independence and responsibility helps them to learn the value of money.
- The children get into a habit of planned savings, expenditure, savings and budget.
- Allows them to make small financial mistakes and hence prepares them for bigger future transactions.

## Disadvantages:

- It leads to comparison among their friends and the feeling of inferiority kicks in.
- Suspension of pocket money often leads to the children taking the wrong path
- If constant supervision is not kept on the child's pocket money, he may spend it in a wrong way.

## RESEARCH METHODOLOGY

### Source of data

This survey consists of entirely primary data collected first hand from various students.

### Sample size and distribution

In order to get a fair view of all the students, the sample size consists of 65 students and it includes all students from different colleges, living in different areas and having different amounts of pocket money. Care was taken to include students studying in junior and degree college evenly. Equal numbers of male and female students were surveyed in order to get a fair and accurate result.

Even the number of male and female students from different areas, different types of houses were carefully selected keeping in mind the different parameters so as to minimise the sampling error.

This will ensure that sampling error is minimized. Since 5 students out of 65 did not get pocket money, the results have been compiled taking in consideration only the other 60 students.

Also if any expenditure was not included in a student's pocket money, that particular student was not taken in consideration for that particular expenditure while tabulating the results and was shown separately as 'not included in pocket money'.

### Research objectives

- To study the spending pattern of pocket money among various college students.

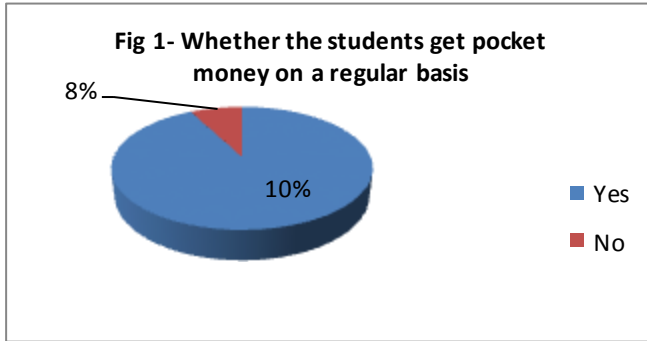
- To study segment wise spending pattern.
- To analyse the relationship between various elements.

**Data Collection and sample unit**

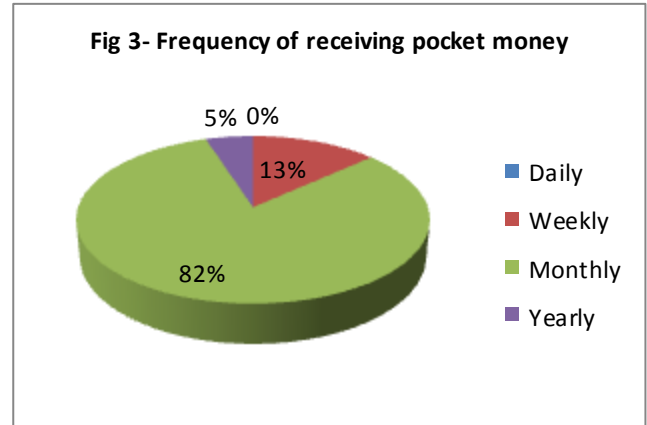
Data was collected by distributing the printed questionnaire among students of different colleges in Mumbai.

**ANALYSIS OF DATA AND INFERENCES**

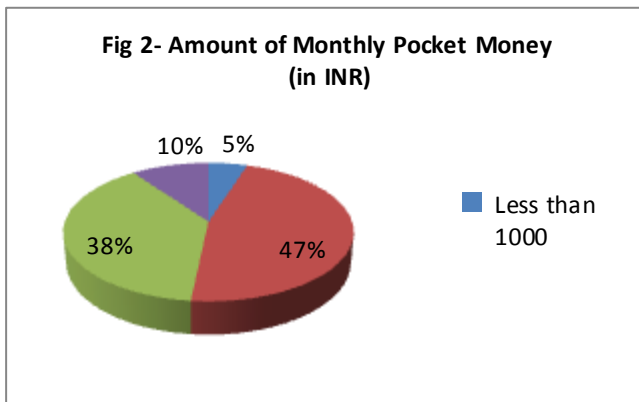
Though the students having pocket money less than Rs 1000 did not have to bear many expenses as they were not included in their pocket money, most of them were dissatisfied with the amount of pocket money. Students with pocket money more than Rs. 2500 usually lived far from their colleges and a huge amount of their pocket money was utilized by them on transportation. Still, they were happy regarding the amount of pocket money they got as it covered all their expenses.



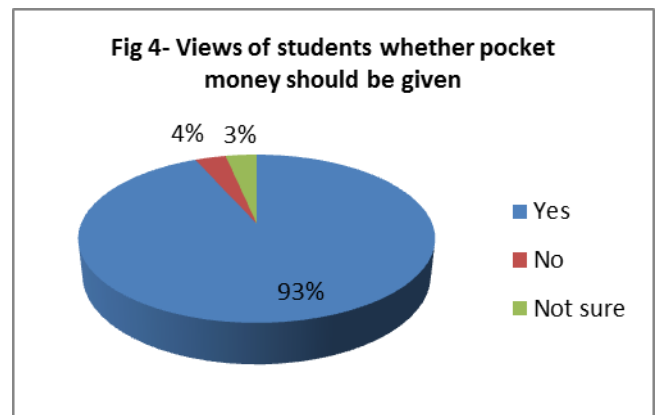
Out of 65 students surveyed, 60 students got pocket money on a routine basis while the rest of the five students did not. These five students asked for money from their parents as and when required but didn't get regular pocket money.



No student got their pocket money on a daily basis and most students got their pocket money monthly. This is because this way parents can ensure that their children are not utilizing their money at one go and at the same time making sure that they do not give pocket money at very short intervals of time thus creating unnecessary mess ups. Though some students do get pocket money on a yearly basis, their pocket money was monitored and their parents made sure that they did not spend the whole amount of money on only one thing.

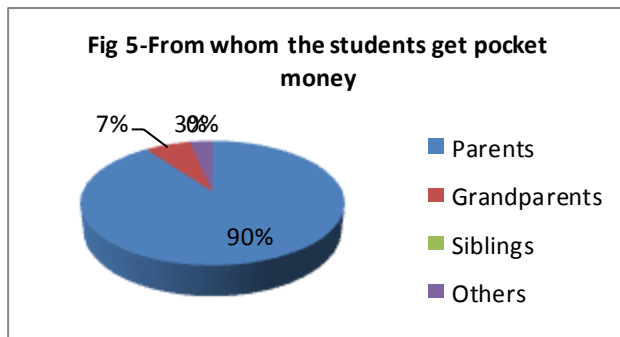


Around half of the sample population has their pocket money between Rs. 1000- Rs 2500. Very few students have pocket money less than Rs 1000 or more than Rs 4000 per month. The average pocket money of the students is around Rs 2500 per month. A pocket money of around Rs 2500 not only covers all the expenses a student might have to bear but also gives him the chance to save money for the future.

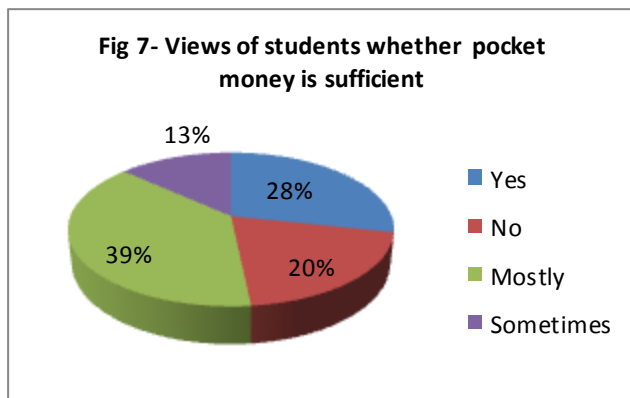


56 out of 60 students had a positive approach towards pocket money and their opinion was that it should be given. They thought that it leads to greater independence, freedom and incorporates efficient spending patterns.

There were 2 students who thought that pocket money should not be given and other 2 were not sure. This is because they felt that it leads to comparison and pocket money should be given as and when required instead out on a regular basis.



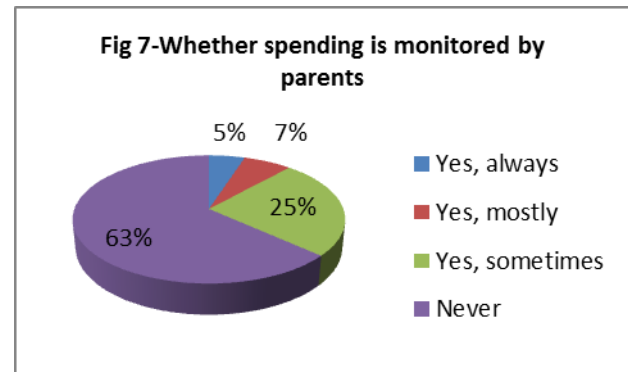
Parents are the main source of pocket money. 54 students got their pocket money from their parents. Grandparents were next in this ranking but were very far from those who got their money from their parents. The 'others' includes those students who pocket money they got on their birthdays, occasions (such as festivals), relatives and even from paid internships. Though some students did get their pocket money from their working siblings, it consisted of a very small amount of their pocket money.



Students had different and mixed opinion about this. 20 students were happy regarding the amount of pocket money they got and rarely ran out of it. Out of the rest 20 students, 12 thought that their pocket money was highly inadequate. Though their pocket money was sufficient to cover all the necessary

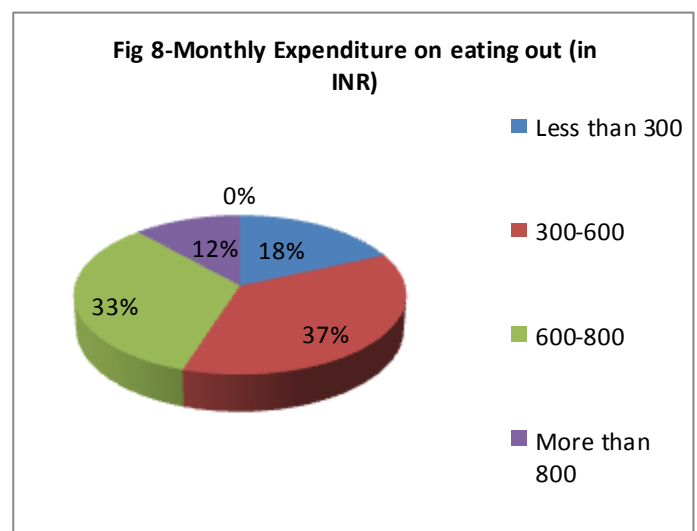
expenses, they hardly had anything left in order to spend on themselves.

The other 8 students had no problem in their daily life regarding their pocket money but they did not have sufficient money to save. They then faced problems when they had to spend huge amounts at one go such as while buying concert tickets, going out with friends etc.



Only 3 students pocket money was always monitored. All of these 3 students were those who got pocket money on yearly basis.

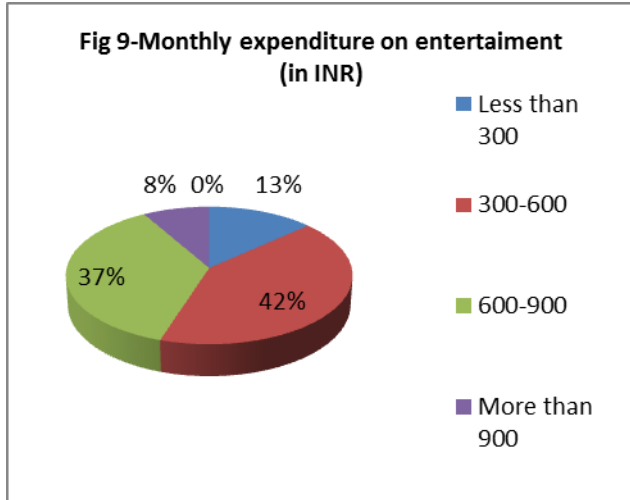
An alarming number of students pocket money was never monitored. 38 students said that they were free to use their pocket money as they wished and their parents never asked them where they had spent the money. This was very shocking because if spending out of pocket money is not monitored, it defeats the basic purpose of giving it.



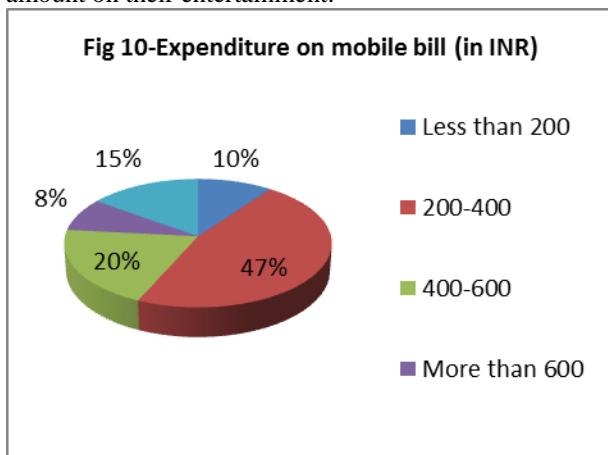
The average expenditure on food by students was approximately Rs.550.

All students had to spend their pocket money when they ate out with their friends. They were not reimbursed

separately. Although when they went out for dinner with parents, their parents paid the whole bill. A major portion of this expenditure included the money spent by them while having a snack with their friends either after college or on any occasion.

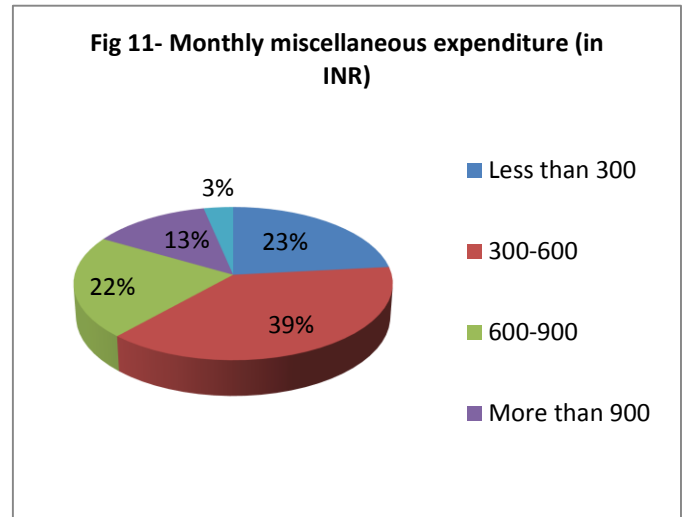


The average expenditure of the students on entertainment was around Rs.550. This included expenditure on movies, playing games in cyber café, concerts etc. The small and medium expenses were met by the students using their pocket money but many students got compensated separately for higher expenses such as concerts, buying sport equipment etc. This was one such area where students with lower pocket money had problems and they felt that they did not have sufficient pocket money so as to spend a good amount on their entertainment.

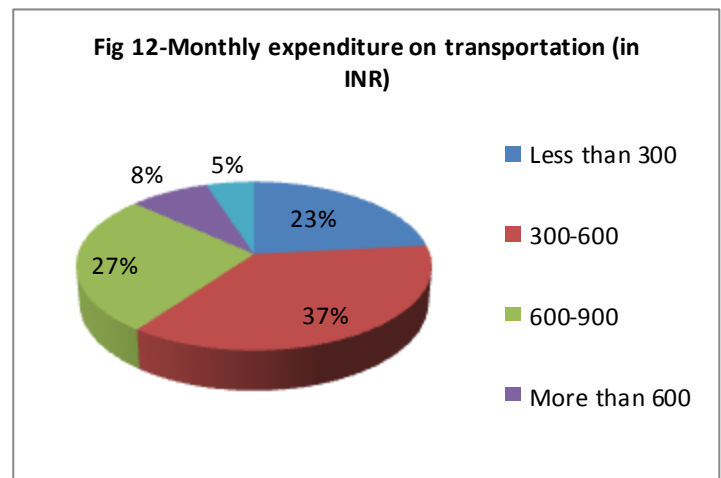


The average expenditure on mobile bill was around Rs.300 with more than half of the students getting their bill in the range of Rs.200- Rs.400.

Mobile bill included their expenses on calls, data pack etc. But, this was one such expenditure which many college students did not have to bear from their pocket money. It was paid by their parents.

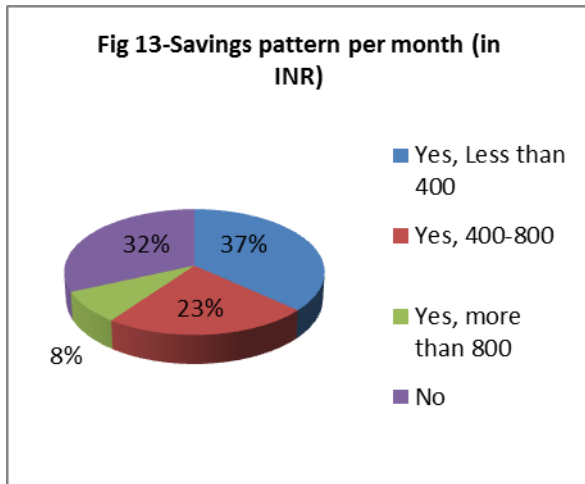


The average miscellaneous expenditure by students was around Rs.500. This expenditure includes money spent on different items. It includes items of small value such as stationery and even items of higher value such as books, cosmetics etc. Though most students had to spend their pocket money on such items, a few students were compensated by their parents.



The average expenditure on transportation by students was Rs.500. This included the cost of transportation to college, tuitions. It also included cost of fuel utilised by them if they had their own vehicles.

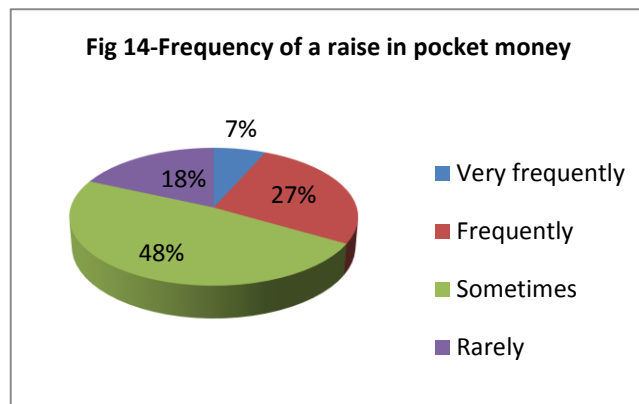
Most students paid this expenditure on their own. It was observed that students who lived far away from their colleges had to spend way more on transportation than those who lived close by or came by car.



Though savings is a very vital part, 19 out of 60 students did not save any money. They either could barely meet their expenses and hence had hardly any left or even though some of them could save money, they utilised it on unimportant things instead of saving it for later.

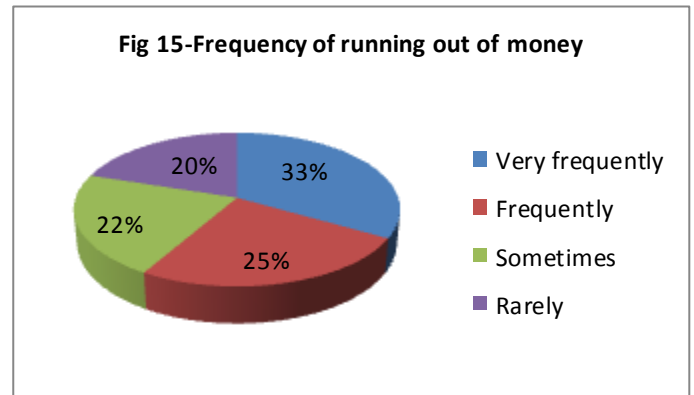
Most students who were able to save money saved around Rs.300- Rs.500. Only a few handful of students were able to save more than 800. These were the students who had very high pocket money or many of their expenses were compensated by their parents.

Those who could not save any money or barely saved anything were those whose pocket money was very limited or their expenses were very high.



Around half of the students got a raise in their pocket money once in a year.

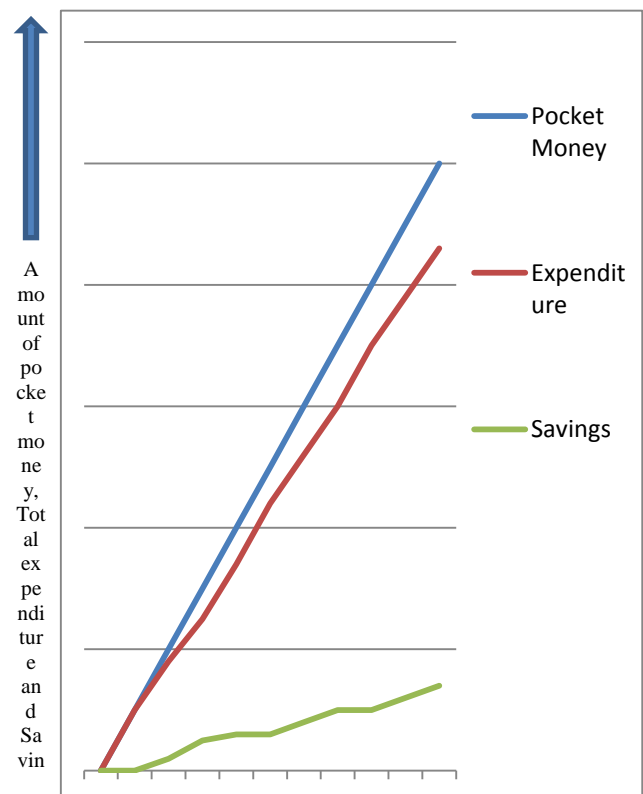
Though many students pocket money was not monitored, whenever they asked for a raise, their parents asked them why they needed more money, which of their expenditure had increased and even asked them to show a general report regarding all of their expenditure.



As stated earlier, many students felt that their pocket money was highly inadequate and hence they fell short of pocket money.

Those who ran out of pocket money either asked their parents to give them an advance or somehow tried to manage with whatever they had left.

Only 12 students felt that they rarely ran out of pocket money.



As seen in the graph, there is a positive relation between various expenditures, amount of pocket money and even savings.

## **CONCLUSION**

As the pocket money of students increased, so did their expenditure on different things along with their savings. Also, various expenditures were linked to many different elements. Eg., Longer the distance between the college and the students house, higher the expenditure on transportation. According to the researcher, pocket money should be given to students of age 13 and above. Though pocket money has some disadvantages, its advantages far outweigh its negative impacts. Considering the high number of students who were disappointed about the amount of pocket money, just giving pocket money to students is not sufficient. Parents must make sure that it is adequate.

With more and more students misusing their pocket money, it is important to make sure that parents regularly ask them regarding their expenditure. This will also help both of them to decide when is it proper to increase their pocket money. Saving money is also very important. Students should understand the importance of saving money and make sure that they minimise their unnecessary or avoidable expenditure to increase their savings. They should not overspend on any particular thing and try to evenly distribute their pocket money among various expenditures.

Comparison leads to rivalry and jealousy. Students should know other students pocket money only to get any idea regarding what others get or to seek advice on how they efficiently spend their money. Expenditure pattern also differed on whether the exercise of pocket

money was strictly followed in the household. In houses where it was strictly followed, students were more conscious about their expenditure pattern and had more consistent savings. In houses where it wasn't followed strictly, students were more likely to splurge more as they usually could get more money from their parents.

However, students who constantly monitored their expenditure did state that they spent money purposefully and were less likely to binge on commodities. The practice of pocket money is long lasting- it teaches students the importance of money and moreover, is an early lesson in the study of financial management where students must maximize their savings while taking care of the necessary expenses.

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