

# A Study Of Investment & Spending Patterns Among Today's Youth With Special Reference To Pune

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## **Abstract:**

*This research paper emphasizes on investment & spending patterns among today's youth. For this purpose, the data of 105 college students in Pune has been collected. The structured questionnaire was given to the students for the data collection. Analysis of the data has been done through percentage analysis using tabular & graphical representation. The major findings of the paper show that most of the students have pocket money as their main source of income. Majority of the students invest in the share market but at the same time, many of them want to play safe and would go for mutual funds. Surprisingly, students want to invest to earn long term gains. As far as the spending is concerned, very few students frequently go for shopping. Out of all the things, majority of the income of the students is spent on outside food. Everyone agrees to the fact that saving money is important. Most of the students do not want to go for the risky investment avenues like crypto currencies.*

**Keywords:** investment, spending, youth

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## **I. INTRODUCTION:**

To save money is very important in life. As life is uncertain, money is required at each stage of life for securing future. Hence, financial management becomes utmost important. It is also very essential to have a check on the money that we spend. Spending should never surpass the earnings. This can be said to be the golden rule of personal finance.

The act of investment & spending are the two sides of one coin. Whenever a person gets an extra income, he would either save it for an investment purpose or he would spend it for personal use or luxury.

The importance of saving money is present in the Indian culture as well. This is because we have been taught since our childhood that 'Money saved is money earned.'

Now, with the advent of malls, pubs, e-commerce & the overall western lifestyle, the spending patterns have gone through drastic changes.

Especially the youth or the younger generation gets attracted towards spending money & want to live a luxurious life. Even the job opportunities are on the rise with the emergence of MNCs, call centre & private sector organizations. Due to this, there is an increase in the income levels of the people. Middle class income level individuals have shifted themselves to higher middle class because of increased employment opportunities.

Money has a time value & hence it has to be put to the best possible use. It is required for fulfilling our needs; be it a necessity or a luxury. It varies from person to person that how he/she is going to make use of money; whether he/she wants to spend it or invest it for a better future. Actually, spending & investing are the two opposite things and both are very essential.

Now-a-days, due to e-commerce websites, online shopping is on the rise. There are many startups in the market which provide different gaming solutions. Western culture has already created its impact on the youth; which can be seen with the presence of pubs, malls, multiplexes, bazaars, etc. Today's generation gets attracted towards all of these which increase their spending habits.

On the other hand, it has become easier than before to make different types of investments with the help of online platforms like 'Zerodha' & 'Upstocks' especially in equities & mutual funds. Also, one can easily make investments using FDs, recurring deposits, Monthly Investment Scheme, Systematic investment plans, gold, ETFs and the like.

This research paper is an honest attempt to know the investment & spending patterns among the younger generation of the society.

## **Statement of the problem:**

This study aims to know the saving & spending patterns of today's youth. We know that with the advent of mall culture, e-commerce, pubs & social media advertising, the overall spending of younger generation has increased considerably. It is normally observed that students spend more on electronic gadgets,

clothes, etc. Hence, this research paper will help to know the investment & spending pattern among today's younger generation and to know their awareness of importance of saving.

**Scope of the study:** This study has been carried out to know the investment & spending habits of college students. For this purpose, students pursuing their MBA from Pune have been chosen. This research is helpful for the retailers, researchers, companies, etc. as a reference or for formulation of strategies.

**Research Objectives:**

1. To know the investment pattern among youth
2. To know the spending pattern among youth
3. To know whether today's generation likes to save money

**Conceptual Framework:** The study focuses on the relationship between socio-demographic factors like qualification, income level & age which are independent variables with dependent variables like investment, saving & spending habits.

**Research Methodology:** The research work was carried out in Pune city only taking into account the responses from the college students pursuing MBA. Structured questionnaire was provided to them & their responses were noted.

- Sources of data & tools of data collection: 1. Primary source: Structured questionnaire floated through google form 2. Secondary source: As per references
- Sampling frame: The students who are studying MBA
- Sampling unit: College students pursuing MBA from Pune.
- Sampling design: Convenience sampling
- Sample size: 105
- Tools used for analysis: Percentage Method

**Hypotheses:**

1. Today's youth spends more than making investment.
2. Today's youth want to take more risk while making investments.
3. Saving habit is influenced more by income among all the factors.

**Limitations:**

- This study is limited to the college students pursuing MBA from Pune only.
- Time was the biggest constraint; hence in depth analysis could not be done.
- It is believed that the respondents have given genuine replies.

**Chapter Schema:**

Chapter No.	Contents
1	Introduction
2	Literature review
3	Data Analysis & Interpretation
4	Findings & conclusion
	Bibliography
	Annexure: Questionnaire

**II. LITERATURE REVIEW:**

1. **A study of patterns of investment & expenditure of residents of Gujrat, 2023, Nidhi Shah & Dr. Jayendrasinh Jadhav:** This research paper reveals about the patterns of investment & expenditure of Gujrat residents. The study is based on both primary & secondary data. For this purpose, the data of 720 respondents in total has been considered. The analysis of the data has been done using mean, ranking method & cross tabulation method. The findings are that residents of Gujrat are risk averse & try to invest in the traditional investment avenues. They mostly spend on the household items & clothing.
2. **Statistical decision making of spending & saving habits among students of Delhi NCR region, 2022, Nisha Jain & Aarti Sehgal:** This research paper throws light on saving & spending habits of college students. For this purpose, the researcher has collected the primary data of 60 students of graduate & postgraduate students. The data has been analyzed using percentage method, regression analysis & chi-square test. The researcher concludes that the students' spending habits were varied despite of their income.

Mature students preserve their money in order to go shopping. This paper reveals that the students' saving is more than their spending & the saving & spending patterns do not correlate with each other.

3. **A study on saving and spending habit of youth with special reference to Thrissur District, 2019, Ajeesh P. P.:** This research paper is about saving & spending habit of youth. For this purpose, the researcher has undertaken a descriptive research design and the sample size is 100. For analysis of the data, ranking method, rating method & correlation method have been used. The findings of the paper say that the spending of the respondents is more than their saving. Students highly get influenced by the advertisements they see & there's high positive correlation between satisfaction level of spending & saving.
4. **An analysis on spending & saving pattern of college students in Indukki district, 2017, Mebin John Mathews:** In this research paper, the author has done a survey based study taking into account 50 graduates & postgraduates. Both desk research & descriptive research in the form of collecting answers for a structured questionnaire was conducted. Analysis was done based on percentage analysis. The paper concludes that majority of the students do not like to earn while learning & they do not have the saving habit.
5. **Saving & spending trends among youth: An empirical study of Sirsa district, 2016, Shilpa Chhabra:** This research throws light on the saving & spending trends among youth in Sirsa city. For this purpose, the researcher has considered three segments i.e. school, graduation & post graduation students. The sample size for the study is 120. The study has been based on the primary data as a main source of the data. For analysis of the data, the percentage method has been observed. The research concludes that the youth spends large portion of their money on shopping, fuel & mobile recharge. There's low awareness for saving or investment.

### III. DATA ANALYSIS & INTERPRETATION

In this chapter, the graphical representation of the survey questions along with their interpretations has been given.

Que. 1: You are pursuing:

Course	Number of responses	Percentage
Graduation	0	0
Post graduation	105	100%
Diploma	0	0
Any other course	0	0

1. You are pursuing  
105 responses



- Interpretation: It can be seen from the graph that 100% respondents i.e. all 105 respondents are pursuing their post graduation course i.e. MBA from Pune.

1. Your yearly family income

Income level	Number of responses	Percentage
Below 5 lakhs	51	48.6%
Between 5 to 10 lakhs	38	36.2%
Above 10 lakhs	16	15.2%

2. Your yearly family income  
105 responses

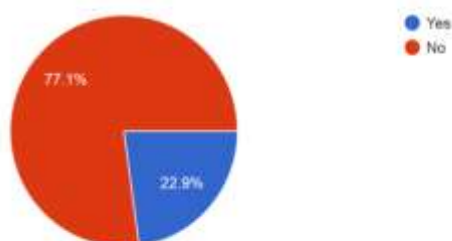


- Interpretation: It can be seen from the above graph that 48.6% students belong to the family income level below Rs. 5 lakhs, 36.2% students belong to the family income level between 5 to 10 lakhs and 15.2% students fall under the family income level i.e. above 10 lakhs.

2. Are you a working student?

Student	Number of responses	Percentage
Non-working	81	77.1%
Working	24	22.9%

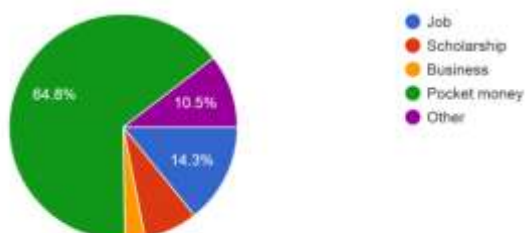
3. Are you a working student?  
105 responses



3. What are the sources of your income?

Sources of income	Number of responses	Percentage
Job	15	14.3%
Scholarship	8	7.6%
Business	3	2.9%
Pocket money	68	64.8%
Other	11	10.5%

4. What are the sources of your income?  
105 responses

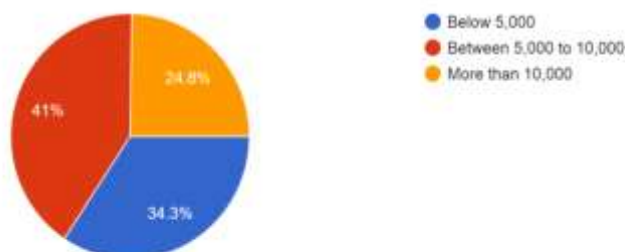


Interpretation: It can be seen from the above graph that pocket money is the major source of income of 64.8% students. 14.3% students have salary as a source of income, 7.6% students receive scholarships, 2.9% students receive money from some business and 10.5% students receive income from other sources.

4. How much funds do you get either from family or as your own income on a monthly basis?

Funds (Rs.)	Number of responses	Percentage
Below 5000	36	34.3%
Between 5000 to 10000	43	41%
More than 10,000	26	24.8%

5. How much funds do you get either from family or as your own income on a monthly basis?  
105 responses

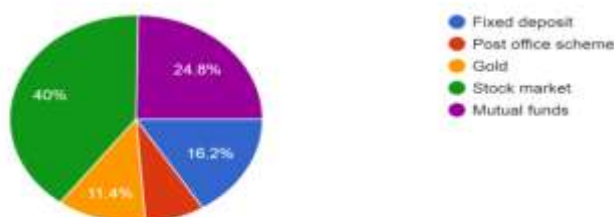


Interpretation: It can be seen from the above graph that 41% of the students get income between 5000 to 10000, 34.3% receive below 5000 & 24.8% receive more than 10000.

5. In which investment avenue you have invested or would like to invest the majority of your funds?

Investment avenues	Number of responses	Percentage
Fixed Deposit	17	16.2%
Post office scheme	8	7.6%
Gold	12	11.4%
Stock market	42	40%
Mutual fund	26	24.8%

6. In which investment avenue you have invested or would like to invest the majority of your funds?  
105 responses



Interpretation: It can be seen from the above graph that 40% of the total 105 respondents invest in the stock market. 24.8% students invest in mutual funds, 11.4% invest in gold, 16.2% students invest in FDs & 7.6% students mostly like to invest in post office schemes.

6. How often do you go for shopping?

Frequency	Number of responses	Percentage
Once in a week	7	6.7%
Once in a month	38	36.2%
Twice in a month	11	10.5%
Rarely	49	46.7%

7. How often do you go for shopping?

105 responses



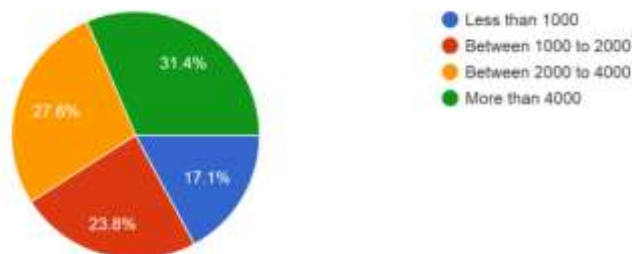
Interpretation: It can be seen from the above graph that 46.7% students go for shopping rarely, 36.2% students go for shopping once in a month, 10.5% students go for shopping twice in a month and remaining 6.7% students go shopping once in a week.

7. How much do you spend per month?

Amount spent per month	Number of responses	Percentage
Less than 1000	18	17.1%
Between 1000 to 2000	25	23.8%
Between 2000 to 4000	29	27.8%
More than 4000	33	31.4%

8. How much do you spend per month?

105 responses



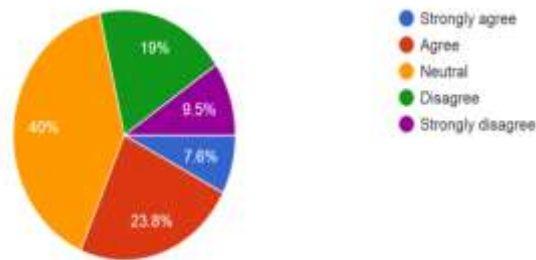
Interpretation: It can be seen from the above graph that almost 31.4% of the students spend more than Rs. 4000 in a month, 27.8% spend between Rs. 2000 to 4000, 23.8% spend between Rs. 1000 to 2000 and 17.1% are such who spend less than Rs. 1000 on a monthly basis.

8. I get influenced by the advertisement I see

Category	Number of responses	Percentage
Strongly agree	8	7.6%
Agree	25	23.8%
Neutral	42	40%
Disagree	20	19%
Strongly disagree	10	9.5%

9. I get influenced by the advertisement I see

105 responses



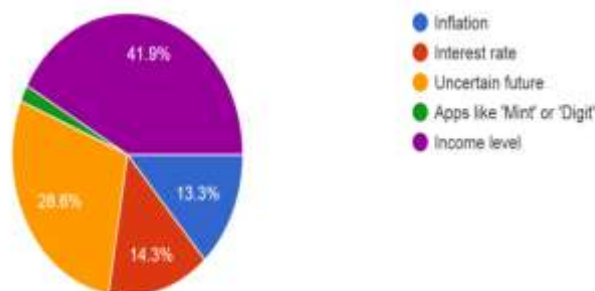
Interpretation: The above graph shows that 40% of the students are neutral or cannot decide that whether they get influenced by the advertisement they see, 23.8% students agree to the above statement, 19% students totally disagree to the above statement, 9.5% of the students strongly disagree to the above statement and lastly, 7.6% students strongly agree that they get influenced by the advertisement they see.

9. Which factors impact your saving habit?

Factors	Number of responses	Percentage
Inflation	14	13.3%
Interest rate	15	14.3%
Uncertain future	30	28.6%
Apps like 'Mint' or 'Digit'	02	1.9%
Income level	44	41.9%

10. Which factors impact your saving habit?

105 responses



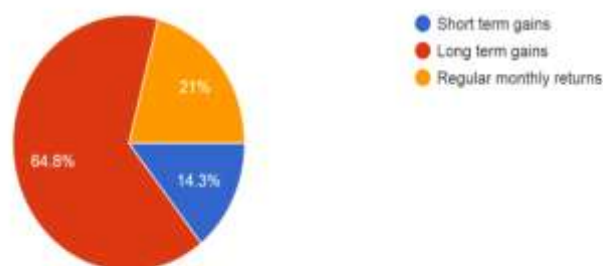
Interpretation: The above graph depicts that almost 41.9% students say that their income level impacts their saving habit more than any other factor, 28.6% say that they save money because uncertain future, 13.3% students are of the opinion that inflation is the factor which impacts their saving habit, 14.3% think that interest rate is the factor which impacts their saving habit and only 1.9% students feel that the apps like 'Mint' or 'Digit'

10. You mostly invest with an intension to earn

Purpose	Number of responses	Percentage
Short term gains	22	14.3%
Long term gains	68	64.8%
Regular monthly returns	15	21%

11. You mostly invest with an intension to earn

105 responses



Interpretation: The above graph shows that almost 65% of the students want to earn long term gains out of their investment, 21% wish to gain regular monthly returns and 14.3% students would like to invest to get shot term gains.

11. Mark the following investment avenues on a scale of 1 to 5 where 1= most preferable choice, 2= very good choice, 3= good investment choice, 4= fair choice and 5= least important choice

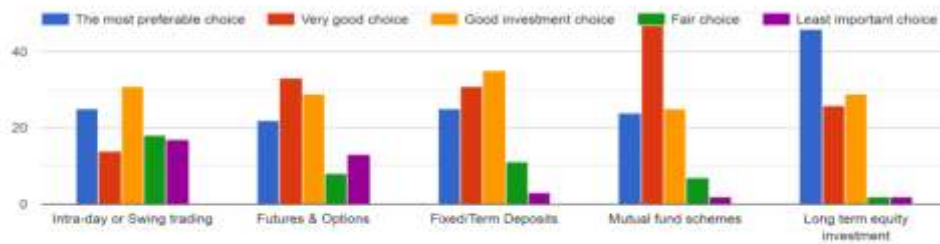
Category/scale	Intra-day or swing trading (Number of responses)	F&O (Number of responses)	FD (Number of responses)	Mutual schemes Fund (Number of responses)	Long term equity investment (Number of responses)
The most preferable choice	25	22	25	24	46
Very good choice	14	33	31	47	26
Good investment choice	31	29	35	25	29
Fair choice	18	8	11	7	2
Least important choice	17	13	3	2	2

Category/scale	Intra-day or swing trading (Number of responses in percentages)	F&O (Number of responses in percentages)	FD (Number of responses in percentages)	Mutual schemes Fund (Number of responses in percentages)	Long term equity investment (Number of responses in percentages)
The most preferable choice	23.75%	20.9%	23.75%	22.8%	43.7%
Very good choice	13.30%	31.35%	29.45%	44.65%	24.7%
Good investment choice	29.45%	27.55%	33.25%	23.75%	27.55%
Fair choice	17.10%	7.6%	10.45%	6.65%	1.9%
Least important choice	16.15%	12.35%	2.85%	1.9%	1.9%

Interpretation: From the above table, it can be seen that out of 5 different investment avenues, 44.65% respondents have considered mutual fund as a very good choice of investment and 43.7% respondents think that long term equity investment is the most preferable choice of investment. 31.35% respondents think that F&O is a very good choice of investment. Fixed Deposit or Term Deposit has been considered a good choice of investment by 33.25% respondents. As far as intra-day or swing trading is concerned, 29.45% respondents think that it's a good investment choice & 23.75% respondents think that it's the most preferable choice.



12. Mark the following investment avenues on a scale of 1 to 5 where, 1=The most preferable choice, 2= very good choice, 3= Good investment choice, 4= Fair choice, 5= Least important choice

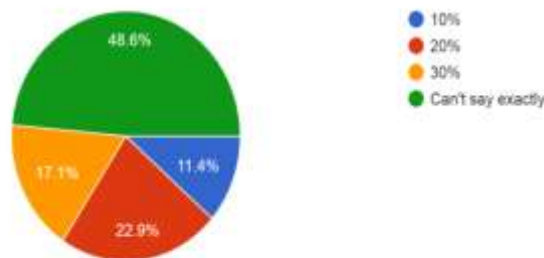


12. What is the percentage of your saving to your total income?

Sr. No.	Number of responses	Percentage	Percentage of saving to investment
1	12	11.4%	10%
2	24	22.9%	20%
3	18	17.1%	30%
4	51	48.6%	Can't say exactly

13. What is the percentage of your saving to your total income?

105 responses

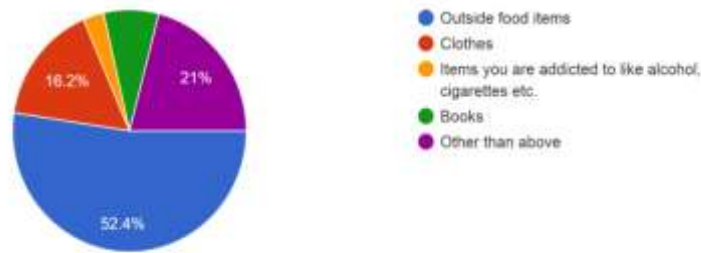


Interpretation: From the above pie-chart, it can be seen that 48.6% respondents cannot say exactly that what the percentage of their saving to their total income is, 17.1% respondents save 30% of their total income, 22.9% respondents save 20% of their total income and remaining 11.4% respondents save 10% of their total income.

13. You mostly spend on

Item on which money is mostly spent	Number of responses	Percentage
Outside food items	55	52.4%
Clothes	22	21%
Items like alcohol, cigarettes etc.	17	16.2%
Books	8	7.6%
Other than above	3	2.9%

14. You mostly spend on  
105 responses



Interpretation: It can be seen from the above pie-chart that 52.4% respondents mostly spend their income on outside food items, 16.2% spend mostly on clothes, 7.6% spend on books, 2.9% spend on the items like alcohol & cigarettes, etc. and 21% respondents spend on the items other than mentioned in the list.

14. Do you think that saving money is important?

Replies to the question asked	Number of responses	Percentage
Yes	104	99%
No	1	1%
May be	0	0%

15. Do you think that saving money is important?  
105 responses

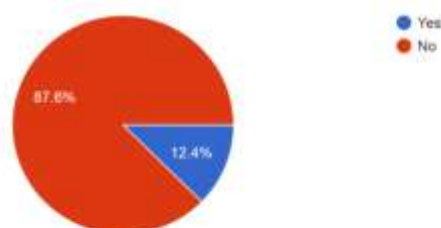


Interpretation: From the above table & graph, it can be seen that 99% respondents think that saving money is important & 1% think that it's not important.

15. Do you invest into crypto currencies like 'Bitcoin' or 'Ethereum'?

Replies to the question asked	Number of responses	percentage
Yes	13	12.4%
No	92	87.6%

16. Do you invest into cryptocurrencies like 'Bitcoin' or 'Ethereum'?  
105 responses



Interpretation: It can be seen from the above table as well as pie-chart that 87.6% respondents do not invest in the crypto currencies & 12.4% make investments in crypto currencies.

#### **IV. FINDINGS & CONCLUSION**

##### **Findings:**

1. The main source of income of the students is the pocket money that they get. 64.8% students have pocket money as their main source of income.
2. Almost 41% students get funds between Rs. 5000 to Rs. 10,000 on a monthly basis.
3. It has been found out that almost 40% students invest their money in the stock market.
4. It has been observed that surprisingly, 46.7% students go for shopping rarely, 36.2% students go for shopping once in a month, 10.5% students go for shopping twice a month & only 6.7% students shop once a month.
5. It has been found out that 31.4% of the students spend more than Rs. 4000 a month, 27.8% spend between Rs. 2000 to Rs. 4000, 23.8% students spend between Rs. 1000 to Rs. 2000 & only 17.1% respondents are such who spend less than Rs. 1000 on a monthly basis.
6. The analysis says that 40% students remain neutral towards getting influenced by the advertisement they see. Nearly 24% students agree that they get influenced by the advertisement they see, while 19% disagree with the statement that they get influenced with the advertisement they see.
7. Almost 42% students are of the opinion that income level is the factor which impacts their saving habit more than any other factor, 29% students think that 'uncertain future' impacts their saving habit, while 13% are of the opinion that inflation has more impact on their saving habit and remaining 14% students think that interest rate has more impact on their saving habit.
8. It has been observed that 65% students want to earn long term gains out of their investments & 21% wish to gain regular returns, while 14.3% want to get short term gains.
9. It has been found out that almost 45% of the students think that mutual fund is a very good investment choice whereas, 32% think that futures & options is a very good choice of investment.
10. It has been found out that only 17% students save 30% of their income, 23% save 20% of their income & 11% save 10% of their income. But 49% i.e. almost half of the respondents can't say exactly about the percentage of their savings to their total income.
11. It has been observed that almost 53% respondents mostly spend on the outside food items, while 16% spend mostly on clothes, only 7 to 8% students spend on books, around 3% respondents are such who spend on their addictions like alcohol & cigarettes, etc. & 21% respondents spend on some other items than that of mentioned in the question.
12. It has been observed that majority of the respondents i.e. nearly 99% believe that saving money is important.
13. It has been found out that the highest percentage i.e. 88% of the students do not invest in crypto currencies & only 12% make investments in this risky investment avenue.

##### **Conclusion:**

- From the above findings, it can be concluded that majority of the students get pocket money as a main source of their income. Though, nearly half of the students do make investments in the stock market, the main aim of the investment of majority of the students is to get long term gains or returns from the investment.
- Majority of the students spend large amount on a monthly basis & a very few percentage of the students spend a very little amount.
- Nearly 50% of the students are unaware about their savings percentage to their total income; though 99% students think that saving money is important.
- As far as investing pattern of the youth is concerned, it can be said that today's youth want to take a calculative risk as majority of the students want to invest or are already investing in stock market or mutual funds but with an intension to earn long term returns; only a few percentage of them actually invest in the riskier investment avenues like Futures & options market & crypto currencies.
- About the spending pattern of today's youth, it can be concluded that they spend most of their income, whether it is their pocket money or own income, on the outside food items. There are remaining items on which the students spend most of their income like clothes, books, etc.

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