

**A STUDY ON HOW UNDERGRADUATE STUDENTS IN MUMBAI
METROPOLITAN REGION ARE MANAGING THEIR POCKET
ALLOWANCES.**

SUBMITTED TO:

University of Mumbai.

University of Mumbai



PROJECT SUBMITTED BY:-

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ACADEMIC YEAR: 2019-20



DECLARATION

I the undersigned **MR.KENNETH DAVID MARTIS** here by, declare that the work embodied in this project work titled, “**A Study on how undergraduate students in Mumbai metropolitan region are managing their pocket allowances**” forms my own contribution to the research work carried out under the guidance of “**DR.NISHIKANT JHA**” is a result of my own research work and has not been previously submitted to any other University for any other Degree/ Diploma to this or any other University.

Wherever reference has been made to previous works of others, it has been clearly indicated as such and included in the bibliography.

I, here by further declare that all information of this document has been obtained and presented in accordance with academic rules and ethical conduct.

KENNETH DAVID MARTIS

Certified by

DR. NISHIKANT JHA

DATE:

PLACE:



CERTIFICATE

This is to certify that **MR.KENNETH DAVID MARTIS** has worked and duly completed his project work for the degree of Bachelor in Commerce (Accounting and Finance) under the faculty of Commerce and his project is titled, "**A Study on how undergraduate students in Mumbai metropolitan region are managing their pocket allowances**" further certify that the entire work has been done by the learner under my guidance and that no part of it has been submitted previously for any Degree or Diploma of any University.
It is her own work and facts reported by his personal findings and investigations.

COORDINATOR

PROJECT GUIDE

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INTERNAL EXAMINAR

EXTERNAL EXAMINAR

DATE:

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ACKNOWLEDGEMENT

To list who all have helped me is difficult because they are so numerous and the depth is so enormous.

I would like to acknowledge the following as being idealistic channels and fresh dimensions in the completion of this project.

I take this opportunity to thank the **University of Mumbai** for giving me a chance to do this project. I would like to thank my **Principal, Dr. Mrs. C. T Chakraborty** ma'am for providing the necessary facilities required for completion of this project.

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ABSTRACT:

This paper entails to study the income and expenditure pattern of undergraduate students in Mumbai metropolitan region and to analyze the savings and investing pattern. The paper also tries to establish whether students feel their peers and parents affect their expenditure pattern and habits and wants to find out whether students are willing to opt for financial planning services. A descriptive study was conducted with 173 participants responding to the survey. Only undergraduate students who were between the age of 17-22 were asked the questions. The aim of the study is to identify the income sources of the students and which is the primary source of income and also to understand the most likely expenditure outlets. Focus is also given on savings and investment function and the secondary aim of the study is to provide constructive suggestions to the students to optimally utilize their pocket income and increase profitability and financial health. The data collected was analyzed and interpreted using a cross tabulation method and the results were displayed using bar charts. Focus of this study is also to inculcate a savings habit and a financial ideology into the students as these will be the future workforce of the country and their consumption and investment decisions will be driving the Indian economy

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INTRODUCTION

1.A BACKGROUND

With a rapid change in the economy since the last decade where new companies from all over the globe have set up industries and have established an ever increasing presence in the Indian market, the preferences of the Indian consumer has been ever changing. The digital revolution has played an important role in globalisation and has increased the sharing of ideas and concepts. The exponential rise in foreign investments in India and an increase in jobs have helped Indians to increase their average income and there has been a steady decrease in the number of people who are regarded as below the poverty line. This has made India an enormous market for exploration with a high number of middle-class workers and professionals who have varied buying capacities.

With an increase in innovative and relatively new products and services, the Indian consumer has the chance to explore new experiences. This has resulted in a change in the consumption pattern of Indians. This also means that the savings pattern has transformed due to the same.

These rapid large-scale reconstructions over major sectors of society have a major impact on the way the youth behave and have affected the preferences of the youth on a variety of scales. In this study we will focus on the consumption and savings pattern of the undergraduate students living in Mumbai and its surrounding region and we shall analyse how much this section of society spends and whether they are likely to have a professionally prepared financial plan in place when they start working.

But first, before diving into the topics we shall first touch upon the basics of money and on how financial literacy is important for one to make important financial decisions.

1.B MONEY AND ITS DEFINITION

To understand our topic, we first need to understand certain concepts that are pivotal to the understanding of the subject matter. So, let's understand the basic meaning of money.

Money is what makes the world go around. Economies depend on the exchange of money for services and products and the repayment of debts. Economists describe money, where it comes from, and what is its worth. The main functions of money are as follows:

a) A medium of exchange

- b) A store of value
- c) A unit of account
- d) A standard of deferred payment

Any item or verifiable record that fulfils these functions can be considered as money. For money to be useful a currency should be

1. Interchangeable: Units of the good must have uniformity so that they can be capable of mutual substitution. If different units of the good do not have the same qualities, the value for use in future transactions will not be reliable or consistent.
2. Durable: the physical state of the good must be durable enough so that it can retain its usefulness in future transactions and be reusable multiple times. Perishable goods cannot be considered as money as it will not be useful for future transactions.
3. Portable: money should be easily movable, carryable and easily transportable. An indivisible good, immovable good, or good of low original use-value can create issues
4. Recognizable: the general public must be able to recognize and ascertain the authenticity and value of the currency whenever there is an exchange of goods or services.
5. Stability of value: The value that is placed on a good in terms of the other goods that they are willing to trade must be consistent or it must be increasing over a period. A good whose value varies widely up and down over a period or loses value over a consistent period is less suitable

for the sake of the topic that we are studying, we are only going to understand bank money or broad money.

Bank money is the money created by private banks through the recording of loans as deposits of borrowing clients. Currently, bank money is created as electronic money.

In India, money is mostly created by commercial banks making loans. Contrary to some popular misconceptions, banks do not act simply as intermediaries, lending out deposits that savers place with them, and do not depend on central bank money to create new loans and deposits.

1.C FINANCIAL LITERACY AND FINANCIAL EDUCATION

In simple terms, it refers to a set of skills that allow people to manage their money wisely along with some understanding of essential financial concepts, not least an appreciation of the trade-off between risk and return.

The Organisation for Economic Co-operation and Development (OECD) defines Financial Literacy as, “A combination of financial awareness, knowledge, skills, attitude and behavior necessary to make sound financial decisions and ultimately achieve individual financial well-being”.

Financial literacy is essential for enabling people to make right financial choices. In view of the lack of proper awareness, people buy insurance policies without adequate planning and give up midway because they don't have money to pay the premium.

This will also be the state in the future if the current generation isn't educated enough on important matters like these, as financial literacy directly impacts your spending and saving habits. The awareness regarding the availability of financial services which can be used to invest their money in, will make a person ask the question of how should I avail the service? To avail the service the person needs to have money, which can only be achieved if a person saves from his disposable income.

People achieve financial literacy through a process of financial education.

OECD defines Financial education as “the process by which financial consumers/investors improve their understanding of financial products, concepts and risks and, through information, instruction and/or objective advice, develop the skills and confidence to become more aware of financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being”.

In India Reserve Bank of India, SEBI and IRDA have undertaken projects to promote Financial Literacy. The objective of this project is to disseminate information regarding

the central bank and general banking concepts to various target groups, including school and college students.

Government has recognized that financial education should start at school and that people should be educated about financial matters as early as possible in their lives. OECD has developed Guidelines aimed at providing high-level international and non-binding guidance to assist policymakers and interested stakeholders in designing, introducing and developing efficient financial education programs in schools.

Students have been taught the concepts of Money, Household Economics, Banking, Investment, Financial Planning, Insurance in some form or the other in school. However, adequate information has not been propagated regarding these topics which fails to influence the youth on the seriousness of these matters.

In this study we will find out the expenditure and savings pattern of undergraduate students and the amount of savings that are being converted into investments. We will also analyze whether the youth is willing to take financial planning services to improve their budgeting and savings or not.

1.D DIFFERENT GENERATIONS AND THEIR CHARACTERISTICS

Since we are studying about the money habits of undergraduate students, we must understand the generation from which they belong and how other generations are playing a role in influencing them.

According to Collins dictionary a generation is defined “as people in a group or country who are of a similar age, especially when they are considered as having the same experiences or attitudes”. People in their birth cohort exhibit similar characteristics, values and preferences over their lifetimes.

Generations exhibit similar characteristics—such as communication, shopping, and motivation preferences—because they experienced similar trends at approximately the same life stage and through similar channels (e.g., online, TV, mobile, etc.). Generation-shaping trends are most influential as people come of age, which means that members of a specific generation will develop and share similar values, beliefs, and expectations. It is important to remember that at an individual level, everyone is different. But looking at people through a generational lens

offers useful predictability for those trying to reach, inform, or persuade a large cross-section of a population.

There is a total of 6 generations, out of which 4 are still highly active in today's world.

1) **BABY BOOMERS** (born between 1946-1964)

The term "Baby Boomer" was derived due to the dramatic increase in birth rates following World War II; soldiers came home from the war and had more time to spend creating babies. This generation values relationships, as they did not grow up with technology running their lives. Baby Boomers grew up making phone calls and writing letters, solidifying strong interpersonal skills.

Yet as they got older, they became fluent in technology and now use cell phones and tablets. The difference is they use these technologies as productivity tools as opposed to connectivity, an idea that came from the Millennial generation.

2) **GENERATION X** (born between 1965-1979)

This generation includes those **born between 1965 and 1979**. Their life has not been easy, since, after a period of upheaval and restructuring of countries, finding a job was a great challenge. To work and produce was their philosophy of life, leaving no room for idealism. **Individualism, ambition and an addiction to work — or being a workaholic — are the values with which they grew up.**

3) **GENERATION Y OR MILLENNIALS** (born between 1980-1995)

The revolution was shaped by them. Also known as **digital natives**, millennials are those **born between 1980 and 1995** and **technology is part of their everyday lives**: all their activities are mediated by a screen. The concept of *on* and *off* is completely integrated into their lives. However, they were not born into it; they migrated to the digital world from the analogue one in which they were living.

Unlike previous generations, because of the economic crisis, the world requires them to be **better trained** to get a job, as competition is increasing. Unlike their parents, Generation X, digital natives are not satisfied with the world around them and are ambitious and want to achieve their goals. However, the millennial generation is labelled

as being **lazy, narcissistic and spoilt**. In fact, in 2014, Time magazine labelled them as the *me-me-me* generation.

4) GENERATION Z OR CENTENNIALS (born between 1996-2011)

Aged between 9 and 24 years old, generation Z will take the lead in a few decades. Also labelled as centennials, for having been born into the world at the helm of the new millennium. **This generation arrived with a tablet and a smartphone in their hands.** Generation Z is a group of people that is marked by the Internet. It is in their DNA: it storms into their homes, their education and their way of socializing. And if Generation Y has difficulty finding a job, the situation for this generation is even worse.

Their **mastery of technologies** may make them neglect their interpersonal relationships to a greater extent, but these are the ones which **give a pedestal to social causes on the Internet**. They have a habit of wanting everything immediately, a fact fostered by the digital world in which they are immersed, and **their lifestyle is also influenced by social media**. They multi-task, but their attention span is limited. They are independent and demanding consumers and will have jobs that may not be prevalent today. Despite today's social diversity, generations Y and Z predominate.

1.E KEYNES INCOME AND EXPENDITURE THEORY

(ADAPTED FROM : <http://www.yourarticlelibrary.com/theories/the-keynes-income-and-expenditure-theory-economics/10955>)

The income theory was developed by Tooke, Wick-sell and Afflation and finally by Keynes. According to them, it is changes in income rather than in the money supply which cause changes in the aggregate demand. When income increases, aggregate demand for goods and services also increases. People spend more and the price level rises. On the contrary, with the decline in income, the aggregate demand falls. People spend less and the price level falls.

Therefore, changes in the price level depend upon the volume of expenditure in the economy which in turn is determined by changes in the level of income. And the level of income depends upon the volume of saving and investment in the economy. Thus, changes in the price level or value of money are caused by the income and expenditure

of the community or by the volume of saving and investment. Thus, income and expenditure, and saving investment are the two approaches to the income theory which we discuss below.

Income-Expenditure Approach:

The income theory of prices involves on the one side an analysis of income and aggregate demand, and on the other, an analysis of costs and aggregate supply. Prices are determined by money income and real income.

The total money income (Y) is the value of goods and services produced in any period and expressed in terms of money. It is determined by the remuneration paid in terms of money to the factors of production. Thus, it also refers to the sum of total expenditure (E) incurred on goods and services pricing a period.

On the other hand, the 'real' income is the total value of real money value of goods and services expressed in terms of a general price level of a particular year taken as the base. Thus, the money value of real income is the money income which is determined by the prices of goods and services or output. Symbolically,

$$Y = P.O.$$

Where Y is Money income or money expenditure which produces a flow of income, P is the general level of prices, and O is the physical volume of goods and services produced.

It follows that

$$P = Y/O$$

It means that prices are determined by the ratio of money income to total output. When money income (Y) rises more rapidly than output (O) prices (P) will tend to increase. If, on the other hand, output (O) increases more rapidly than money income (Y), prices (P) will tend to fall.

It is clear from the above that total money income equals total expenditure which, in turn, is equal to consumption expenditure (C) plus investment expenditure (I). Therefore, symbolically, $Y = E = C + I$.

According to Keynes, it is the total money income which determines the total expenditure of the community. An increase in the money income means increase investment expenditure, the propensity to consume being stable in the short run.

The increased investment will raise effective demand which will in-turn, raise output and employment. But what about prices? So long as there is unemployment, prices do not rise with the increase in output. This is because the supply of factors is perfectly elastic.

Therefore, output will change in the same proportion as the quantity of money, and there will be no change in prices. When the supply of factors becomes somewhat inelastic (or factor are in short supply), this may lead to increase in marginal costs and prices.

As full employment is reached, the elasticity of supply of output falls to zero (perfectly inelastic), and prices rise in proportion to the increase in the quantity of money. Thus the income theory states that the increase in the quantity of money depends upon increase in money income and aggregate expenditure, and prices start rising when the full employment level is being reached. Once the full employment level is reached, prices rise in the same proportion as the increase in money income and aggregate expenditure.

Saving-Investment Approach:

Introduction:

An alternative to the Keynesian income-expenditure theory is the saving investment approach to income theory. In fact, the income-expenditure approach ($Y = C + I$) is the same thing as the saving-investment approach. Both saving (S) and investment (I) are defined as the excess of income over consumption ($Y-C$) so that they are necessarily equal. Symbolically

$$S = Y - C$$

$$I = Y - C$$

$$S = I$$

Keynes also established this equality in another way. He defined income as equal to consumption plus investment ($Y = C + I$), and saving as the excess of income over consumption ($S = Y - C$). Thus

$$Y - C + I \text{ or } I = Y - C \quad S = Y - C$$

$$S = I$$

The Theory:

We have seen above that the equality between saving and investment is brought about by the mechanism of income. On the other hand, income depends upon relation between saving and investment. So long as saving and investment are equal, there will be the equilibrium level of income and the price level will be stable. If saving and investment are disturbed, the price-level also changes via the change in expenditure.

If saving exceeds investment, it means that people reduce their expenditure on goods and services. They are hoarding more money and spending less. This reduces the velocity of circulation of money. This leads to a reduction in the income of the producers of goods and services.

Reduced expenditure and income lead to a fall in the price level. As prices fall, investment also declines due to a fall in the marginal efficiency of capital which leads to further falling income, output, employment, and prices. This process will continue till prices reach the bottom of the depression.

If investment exceeds saving, people increase their expenditure on goods and services. They are spending more and saving less. This causes the velocity of circulation to increase. This increases the income of the producers of goods and services. Increase in expenditure and income lead to a rise in the price level.

This will increase the profit expectations or marginal efficiency of capital. As a result, investment will increase further which will, in turn, raise employment, income, expenditure, output and prices to still higher levels. But the increase in investment leading to an increase in aggregate expenditure, demand, and income do not lead to a rise in the price level immediately.

So long as the output of goods and services rises proportionately with the increase in the demand for goods and services, there would not be a general rise in the price level. If output does not increase proportionately, increase in investment will increase income and the price level. But increase in output is possible only if there are unemployed resources in the economy.

When the economy reaches the full employment level, further increase in income will not raise output to the level of increase in aggregate expenditure. But it will lead to an upward rise in the price level, levelling the same proportion as the increase in income.

To conclude, it is the inequality in saving and investment that brings about changes in the price level, and changes in the price level are due to changes in income rather than in the quantity of money.

1.F CONSUMER SPENDING AND ITS IMPACT ON THE ECONOMY

In the previous section, we learnt about the INCOME AND EXPENDITURE THEORY. In this section we will understand more about CONSUMER SPENDING and recognize the factors which determine and impact their spending in an economy as consumer spending ultimately impacts the economy of a nation and in turn impacts us back.

CONSUMER: A consumer is one that buys good for consumption and not for resale or commercial purpose. The consumer is an individual who pays some amount of money for the thing required to consume goods and services. Without consumer demand, producers would lack one of the key motivations to produce: to sell to consumers. The consumer also forms part of the chain of distribution.

Five Determinants of Consumer Spending

There are five determinants of consumer spending. These are the things that affect how much you spend. Changes in any of these components will affect consumer spending.

1. The most important determinant is **disposable income**. That's the AVERAGE INCOME minus taxes. Without it, no one would have the funds to buy the things they need. That makes disposable income one of the most important determinants of demand. As income increases so does demand. If manufacturers ramp up to meet demand, they create jobs. Workers' wages rise, creating more spending.

It's a virtuous cycle leading to ongoing economic expansion. If demand increases but manufacturers don't increase supply, then they will raise prices. That creates inflation.

2. The second component is **income per capita**. It tells you how much each person has to spend. Income measurements might rise just because the population increases. Income per person reveals whether each person's standard of living is also improving.

3. **Income inequality** is the third determinant of spending. Some people's income may rise at a faster pace than others. The economy benefits when most of the gain goes toward low-income families. They must spend a more significant share of each dollar on necessities until they reach a living wage. The economy doesn't benefit as much when increases go toward high-income earners. They are more likely to save or invest additions to income instead of spending

4. The fourth factor is the level of **household debt**. That includes credit-card debt, auto loans, and school loans. Current consumer debt statistics show that household debt has reached new record levels. Surprisingly, high health care costs are one of the biggest causes of overwhelming debt.

5. The fifth determinant is **consumer expectations**. If people are confident, they are more likely to spend now. The consumer confidence index measures how confident people are about the future. It includes their expectations of inflation. If consumers expect inflation to be high, they will buy more now to avoid future price increases

Factors That Impact Consumer Spending

1. Consumer Debt

Spending took a long time to bounce back from the recession. First and foremost, millions of people went back to school to find new careers. That cut back on shopping. But don't blame credit card debt alone, which surpassed pre-recession levels. Home loan debt is also major contributors to overall consumer debt. Increases in consumer debt can curb future spending.

2. Stagnant Wages

Average income levels have not kept pace with growth in either the stock market or GDP. Manufacturers are cutting jobs as processes are getting automated and there isn't that much demand in the market for businesses to employ people. Employees who lose jobs may have cut back on spending and increased saving to make up for income shortfalls.

3. Consumer Confidence

Many analysts look to the consumer confidence index, a measure of how people feel about the economy, to predict how likely it is consumers will spend. That's because people are more likely to shop when they feel confident about their ability to get a more lucrative job. Confidence numbers plummeted twice after 2007, but they have mostly ticked higher over the past decade

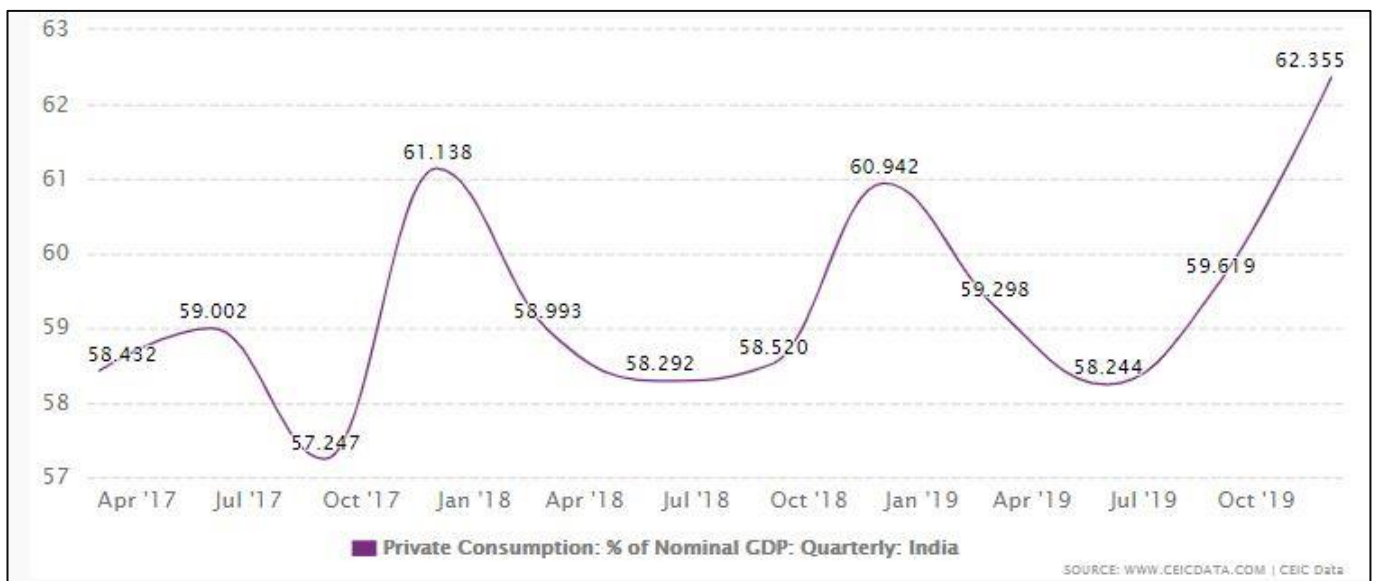
4. The Shift to Thrift

During the recession, shoppers searched for the cheapest prices possible, ensuring the success of Amazon and Flipkart. As the economy started to improve, discount stores didn't revert to full-price stores. Instead, a shift occurred. A survey found that consumers were buying "good enough" products and were pleasantly surprised that they were "good enough." People were not as focused on retaining their standard of living as they were before the financial crisis. This paradigm shift is likely here to stay, so businesses that cater to this new breed of customers are better poised to stay afloat.

1.G PRIVATE CONSUMPTION EXPENDITURE

In this part we will understand Private consumption, also referred to as personal consumption, consumer expenditure, or personal consumption expenditures (PCE). It measures consumer spending on goods and services. Private consumption includes all purchases made by consumers, such as food, housing (rents), energy, clothing, health, leisure, education, communication, transport as well as hotels and restaurant services. It also includes durable goods (such as cars), but not households' purchases of dwellings, which are counted as household investment.

Consumer spending accounts for between half and two-thirds of Gross Domestic Product (GDP) in most countries. Generally, the poorer the country the higher the share of consumption, but there are notable exceptions to this rule (i.e. China, with a rather low ratio, and the United States, with a high proportion). Since private consumption accounts for the largest part of GDP, it is the key engine that drives economic growth.



1.H CONSUMER PRICE INDEX

A **Consumer Price Index** measures changes in the price level of a weighted average [market basket](#) of [consumer goods](#) and [services](#) purchased by households such as transportation, food, and medical care. It is calculated by taking price changes for each item in the predetermined basket of goods and averaging them.

Changes in the CPI are used to assess price changes associated with the cost of living the CPI is one of the most frequently used statistics for identifying periods of inflation or deflation.

The CPI measures the average change in prices over time that consumers pay for a basket of goods and services, commonly known as inflation. Essentially it attempts to quantify the aggregate price level in an economy and thus measure the purchasing power of a country's unit of currency.

CPI is widely used as an economic indicator. It is the most widely used measure of inflation and, by proxy, of the effectiveness of the government's economic policy. The CPI gives the government, businesses, and citizens an idea about prices changes in the economy, and act as a guide in order to make informed decisions about the economy.



1.1 CONSUMER CONFIDENCE

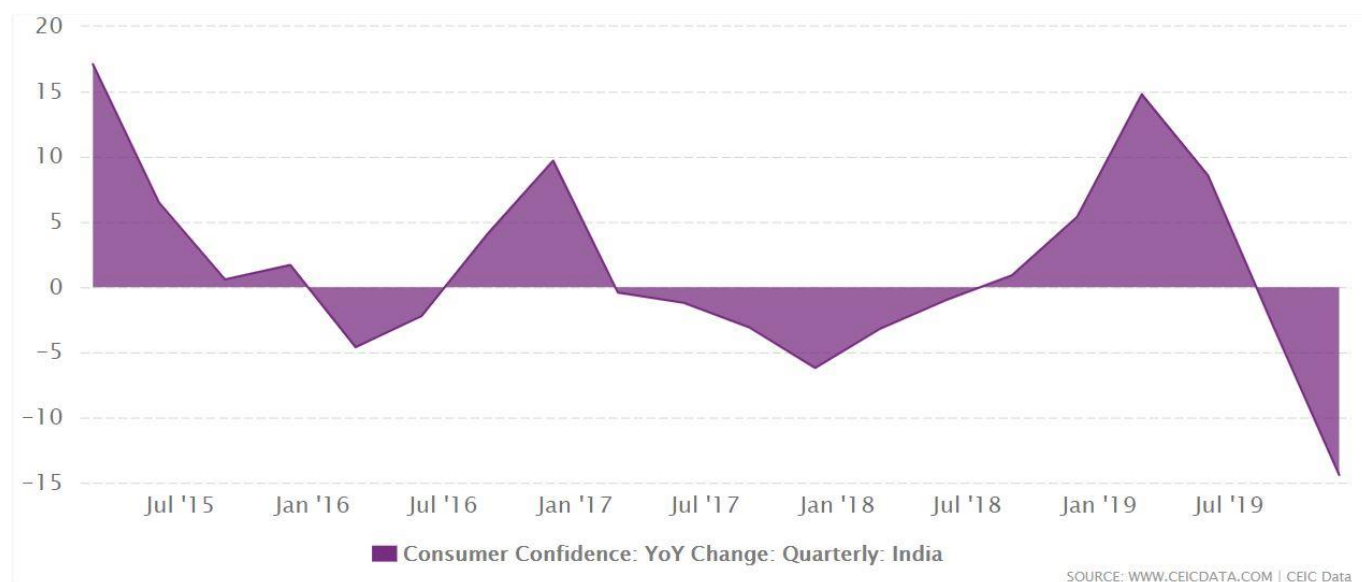
Consumer confidence is an economic indicator that measures the degree of optimism that consumers feel about the overall state of the economy and their personal financial situation. If the consumer has confidence in the immediate and near future economy and his/her personal finance, then the consumer will spend more than save.

When consumer confidence is high, consumers make more purchases. When confidence is low, consumers tend to save more and spend less. A month-to-month trend in consumer

confidence reflects the outlook of consumers with respect to their ability to find and retain good jobs according to their perception of the current state of the economy and their personal financial situation.

Investors, manufacturers, retailers, banks, public opinion researchers and government agencies use various assessments of consumer confidence in planning their actions. The ability to predict major changes in consumer confidence allows businesses to gauge the willingness of consumers to make new purchases.

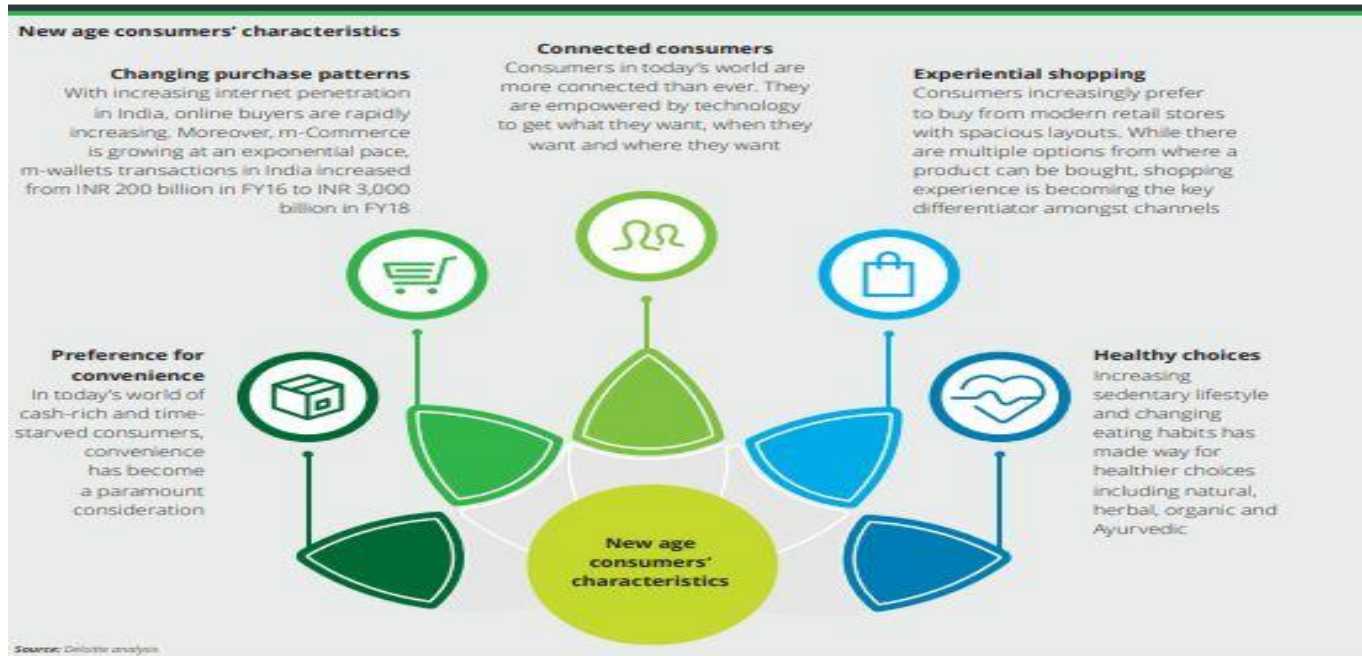
As a result, businesses can adjust their operations and the government can prepare for changing tax revenue. If confidence is dropping and consumers are expected to reduce their spending, most producers will tend to reduce their production volumes accordingly.



1.J GENERATION Z's IMPACT ON CONSUMER SPENDING

Generation Z is known as the first digitally native generation and does not differentiate between online and offline channels. They expect the same quality and speed of an online channel to translate to stores. They're also much savvier with online shopping channels than their predecessors and are not easily swayed by gimmicks or celebrity influencers.

Since this generation never knew a world without the internet, they have high expectations for online channels and low tolerance for any slowdowns or glitches. Members of this cohort are also used to quick service since 87 percent of Gen Z have high-speed internet at home.



They're also sceptical about giving away their information since they've grown up in an age of high-profile data breaches for major brands. Read through our stats below to learn how Gen Z behaves online:

- 74 percent of Gen Z spends most of their free time online. ([Source: IBM](#))
- 75 percent of Gen Z consumers use mobile phones and smartphones the most compared to other devices. ([Source: IBM](#))
- 60 percent of Gen Z won't use an app or website that loads slowly. ([Source: IBM](#))
- Less than one third of Gen Z is comfortable sharing personal details other than contact information and purchase history. ([Source: IBM](#))
- Only 18 percent of Gen Z is comfortable sharing payment information with their favourite brands. ([Source: IBM](#))
- 20 percent of Gen Z is willing to share public reviews online for things like restaurants and products. ([Source: IBM](#))

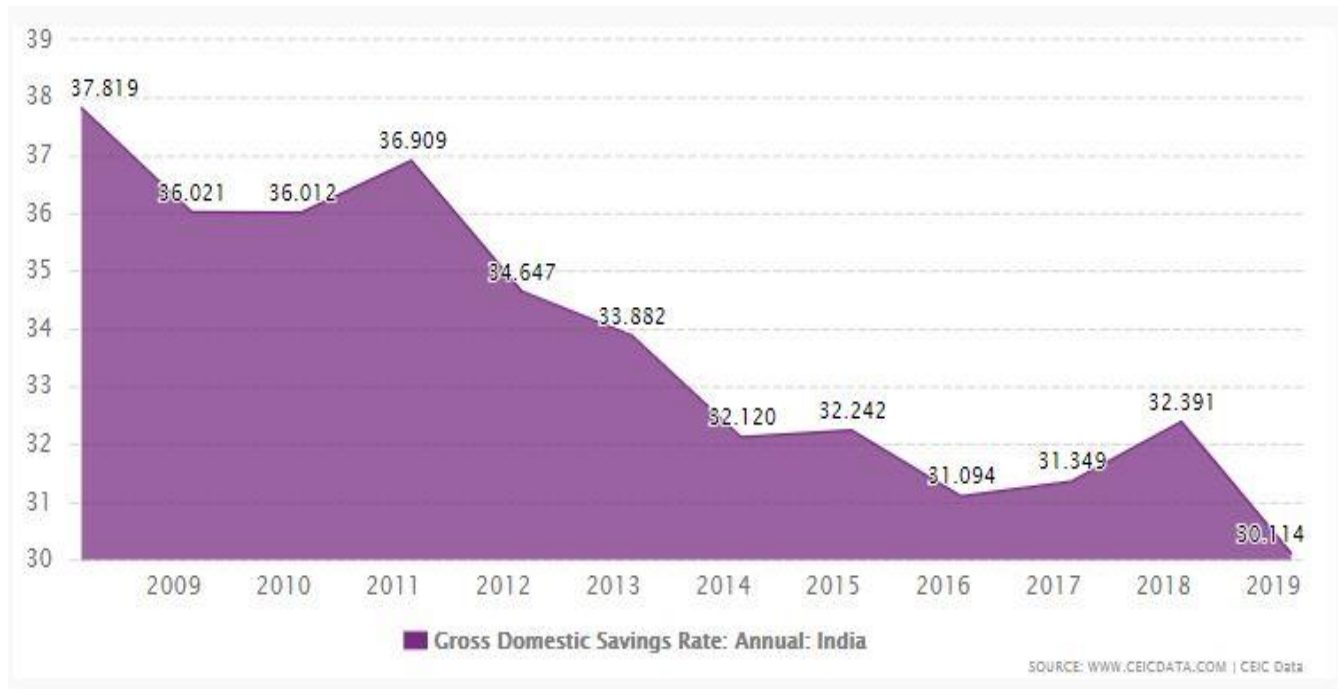
- 25 percent of Gen Z consumers spend more than five hours a day on their mobile phones. (Source: IBM)
- More than 98 percent of Gen Z prefers to make purchases in brick-and-mortar stores. (Source: IBM)
- 66 percent of Gen Z consumers want very few products to ever be out of stock. (Source: IBM)
- 65 percent of Gen Z consumers want to get real value for their money through things like discounts and rewards programs. (Source: IBM)
- 56 percent of Gen Z shoppers want the store experience to be fun, so they won't get bored. (Source: IBM)
- 48 percent of Gen Z consumers expect to be able to exchange or return items bought online in the store. (Source: Adyen)
- 53 percent of Gen Z consumers use their smartphones in stores to look at items that aren't available in the store to see if there is anything else, they'd prefer to buy. (Source: NRF)
- More than 70 percent of Gen Z consumers believe they influence family decisions on buying furniture, household goods and food and beverages. (Source: IBM)
- 60 percent of Gen Z believe they influence their families' clothes and shoes spending. (Source: IBM)
- 77 percent of Gen Z consumers believe they influence family spending on food and beverages. (Source: IBM)
- 75 percent of Gen Z spends more than half of their monthly income. (Source: IBM)

1.K SAVINGS RATE

SAVINGS can be defined as disposable income that isn't spent and is in hand. Basically, it is a decision taken by a consumer to delay his consumption. A person saves so that he can have enough money to buy something he desires in the future. Savings are also made to have enough money during various types of emergencies.

It can help maintain the standard of living when a person's inflow of income has stopped (for example- job loss). Gross Domestic Saving is GDP minus final consumption expenditure. It is expressed as a percentage of GDP. Gross Domestic Saving consists of savings of

household sector, private corporate sector and public sector. Here is a look at the gross domestic savings rate chart of India.



As we can see in this chart that YoY the savings rate has been on the decline. Now the reason why savings rate is so important is because savings impacts investments. When a person saves more, he ends up investing those savings into the financial institutions.

Benchmarks >

Nifty
8,700.45 437.0

NSE Gainer-Large Cap >

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72.00 10.95

FEATURED FUNDS

ICICI Prudential Bluechip
Fund Direct-Growth
★★★★★

5Y RETURN

1.46 %

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Market Watch

India's savings rate plunges to 15 year low

BY GAYATRI NAYAK, ET BUREAU | FEB 19, 2020, 07:43 AM IST

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Mumbai: India's slowing **economy** took a toll on much-needed savings too, with the **savings rate** touching a 15-year low, and household savings also falling. This has weakened India's macro-economic position which is already hobbled by low **investment** and rising external borrowing to **fund** capital needs.

Household savings also declined as consumers spent more in purchasing durables and travelling. Indian households contribute to about 60 per cent of the country's savings. But India remains favourable compared to emerging market peers such as Brazil.

"If the country wants high sustainable growth, it must raise the investment rate. But investment needs funding," said Pranjul Bhandari, chief India economist at HSBC. "If domestic savings are falling, the government is right to tap into foreign savings."

India's gross savings fell to 30.1 per cent of the gross domestic product in fiscal 2019 from 34.6 per cent in fiscal 2012, and 36 per cent in 2007-08, data from the Central Statistical Organisation shows. The previous low was 29 per cent in 2003-2004. As a per cent of GDP, household savings fell from 23 per cent in 2012, to 18 per cent last year.

A falling savings rate could lead to Indian companies ending up borrowing more from overseas markets, weakening India's external position as it would raise the nation's external debt.

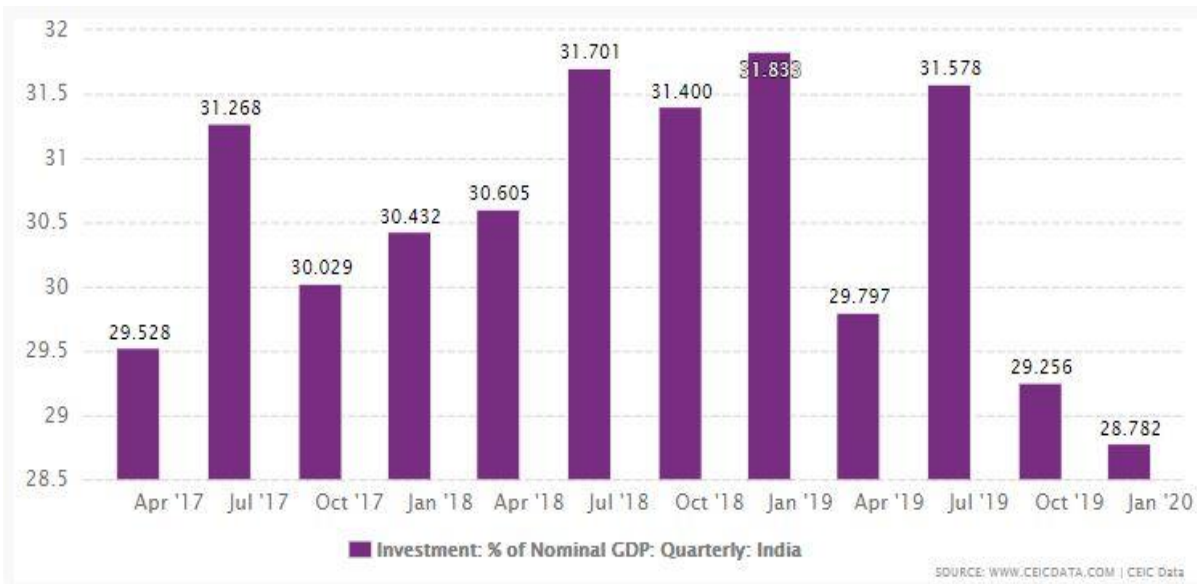
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TRANSFORMATION OF SAVINGS INTO INVESTMENTS

Capital is the key driver of growth in the economy. Investment or Gross Capital Formation (GCF) includes three elements, Gross Fixed Capital Formation (GFCF), change in stocks and valuables (gold). Investments from local sources in the financial markets are important to keep the economy healthy. If there isn't enough investment from local sources, government and businesses must ask for investments from foreign sources.

More investments and investors results in increase in market capital which in turn gives more shareholder value. If shareholders have more money, then their savings and buying capacity increases which results in higher consumption and more conversion of savings to investments. In this process there will be fluidity in money supply in the economy. There will be more jobs which means more potential investors and a better standard of living.



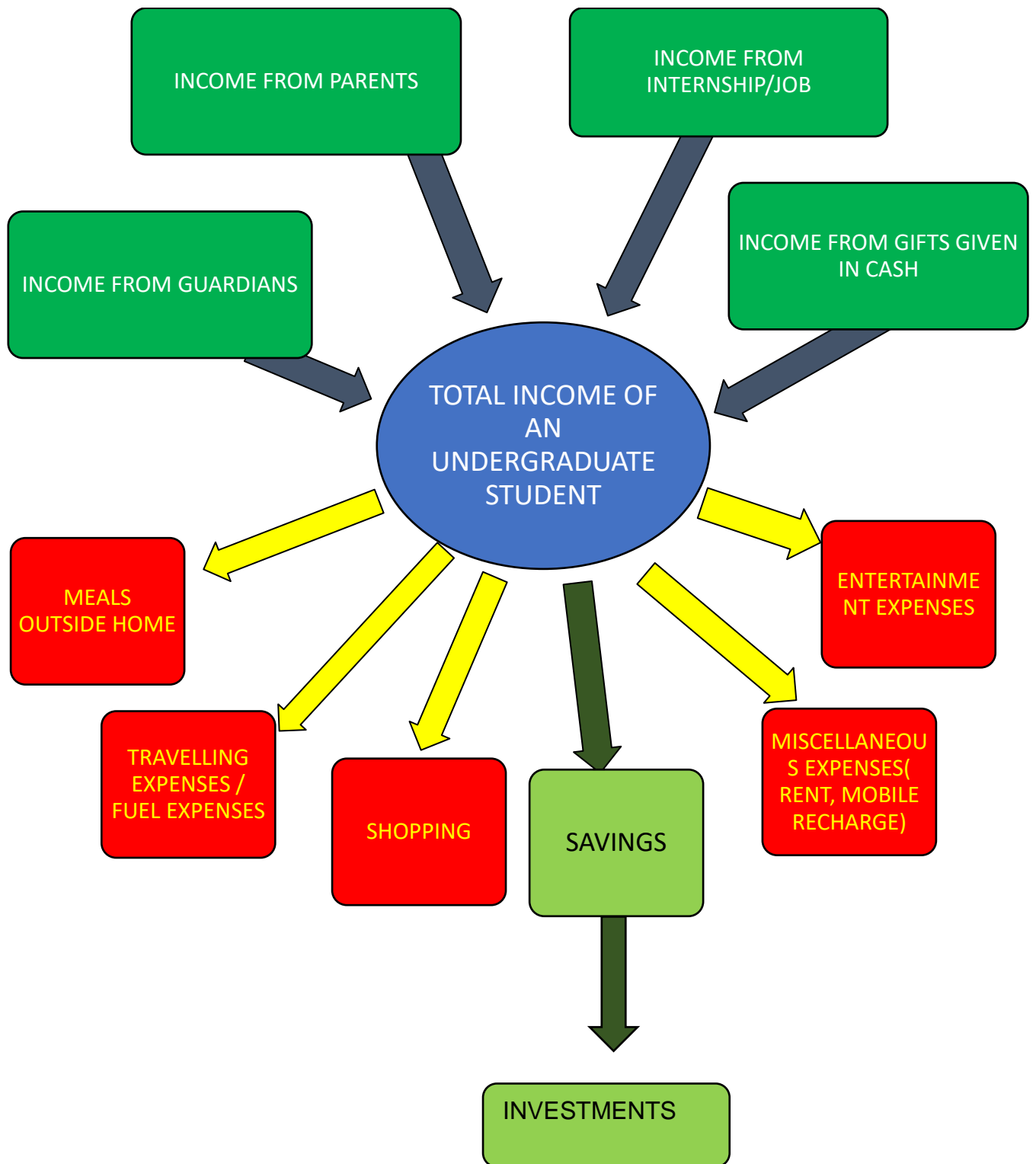
In this chart, we can notice that the investment as a percentage of the nominal GDP of India is very inconsistent and there hasn't been any real growth in the past 2 years. This is due to the aftereffects of demonetization and the mis implementation of GST.

Also, the world markets are getting more stagnant day by day and a bear market is expected in a handful of quarters. This chart clearly says that the common man and small businesses are not consistent with the capital market

UNDERGRADUATES MANAGE THEIR POCKET ALLOWANCE

POCKET ALLOWANCE is usually an allowance given by parents to their offspring so that they can cover their miscellaneous expenses for personal purposes. In Indian context, pocket money is provided by the parents to their children till an age where they can self-sustain and provide for themselves.

In our study we will be understanding the pocket allowances, expenditure and savings habit of undergraduate college students between the age of 17-22. In the chart below we can see the sources of incomes and outflow of money through expenses and the savings.

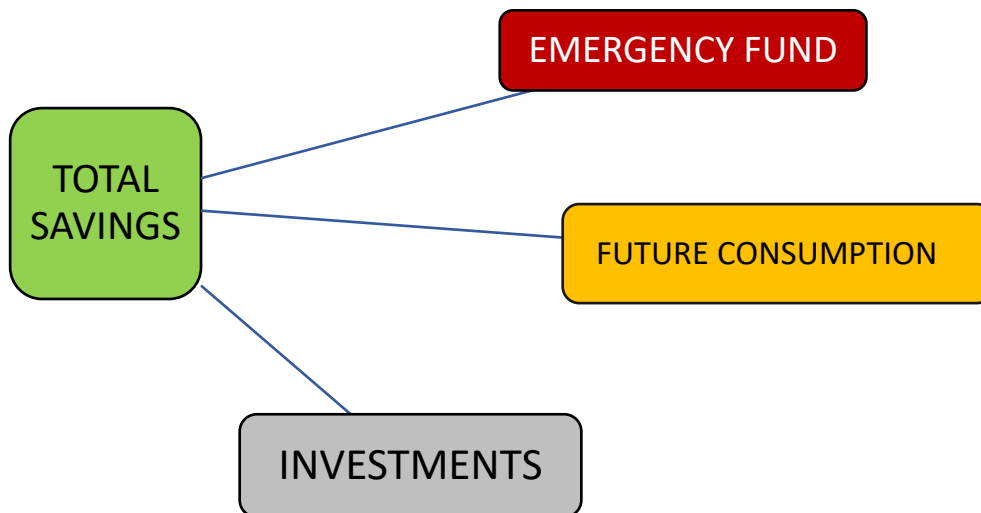


As you can observe in this chart, the SOURCES OF POCKET INCOME FOR UNDERGRADUATE STUDENTS can be classified as:

1. Income from parents
2. Income from guardians
3. Income from internships/ fulltime job/ part-time job
4. Income from gifts given in the form of cash

There are numerous outflows of cash through various expenses. Here's a list of the most common expense categories:

1. Meals outside home
2. Travelling and fuel expenses
3. Entertainment expenses
4. Shopping expenses
5. Miscellaneous expenses (rent, mobile recharge etc.)



as shown In the figure, savings can be made for various purposes like

1. Emergency funds for unexpected expenses
2. Expected expenses that are likely to incur on a future date
3. Investments in financial market instruments for long term benefits in the form of dividends , interest or benefits from appreciation in market values of the investments made

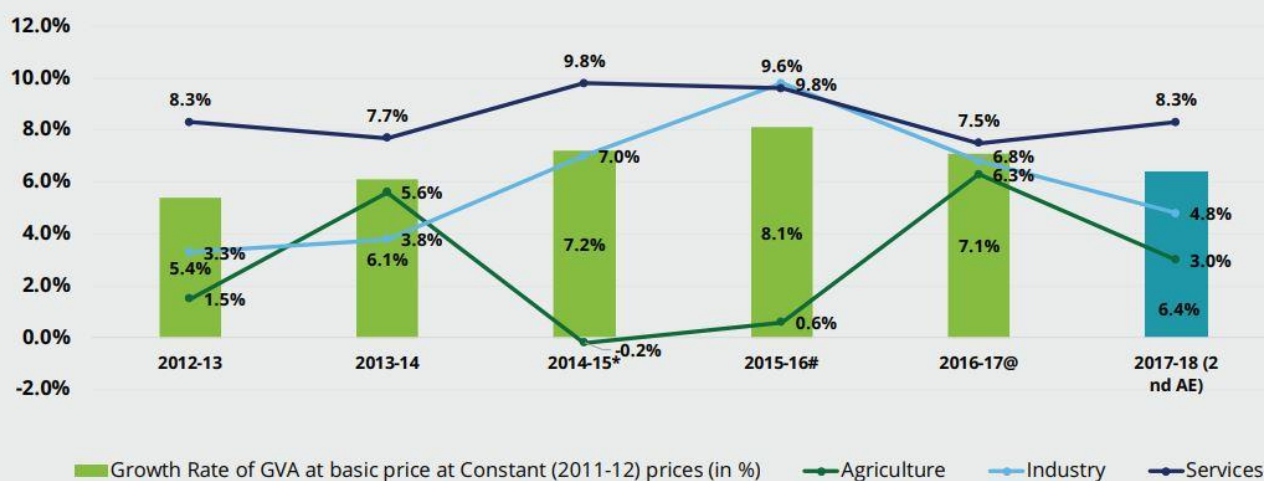
INDIAN ECONOMIC SCENARIO

India - Income and demographics

	2013	2014	2015	2016	2017	2018	2019E	2020E	2021E	2022E
Nominal GDP (USD billion)	1,856	2,036	2,089	2,262	2,534	2,695	2,801	3,226	3,461	3,822
Population (million)	1,279	1,294	1,309	1,324	1,339	1,354	1,369	1,383	1,397	1,411
GDP per head (USD at PPP)	5,249	5,679	6,124	6,567	7,054	7,686	8,336	8,922	9,689	10,568
Private consumption per head (USD)	835	913	924	1,003	1,115	1,175	1,221	1,381	1,466	1,598
No. of households (million)	236	239	243	247	251	255	259	262	266	270
No. of households with annual earnings above USD 5,000 (million)	80	90	96	108	126	138	149	173	188	206
No. of households with annual earnings above USD10,000 (million)	17	19	21	24	31	36	41	54	64	79
No. of households with annual earnings above USD 50,000 (million)	0	0	0	0	0	0	1	1	1	1

Source: Economic Intelligence Unit (EIU)

India - GVA at basic price at constant prices (%)



Source: Central Statistics Office⁶ (Note: *Third Revised Estimates, #: Second Revised Estimates, @: First Revised Estimates. AE: Advanced Estimate)

1.2 NEED OF THE STUDY

This study tests the ability of undergraduate students to manage their expenses and to observe how much do they end up saving at the end of the month. We will also study and observe, how many students convert their savings into investments. The underlying reason why this study was conducted is because students and young adults have a tendency to use up most of their pocket allowance and in many cases are likely to ask their parents to give them more cash to provide for their upcoming expenses and maintain their lifestyle.

The main reason why this research is specifically targeting the money habits of undergraduate students is because undergraduate students are going to be integrated into the workforce of the country in the near future and studying their expenditure and savings pattern will help us understand what to expect from the new 'generation z' which in the near future will steer the world in the new digital age.

This study will also determine the attitude of this generation about financial planning and how likely are they to take advisory services. This will help us know how many undergraduate students are willing to use expert advice with regards to their financial situation and plan to achieve their financial goals, if any.

2. REVIEW OF LITERATURE

1. According to Ila Patnaik and Radhika Pandey in their working paper for the National Institute of Public Finance and Policy, New Delhi on Savings and capital formation in India (2019)

This paper entails the Savings and investment trajectory in India. It highlights the issues in infrastructure and MSME financing and proposes an agenda for reforms. Their paper concludes that raising the level of savings and capital formation is critical for financing the growing requirement of infrastructure and industry.

While most of the household savings are channelled into bank deposits, banks are ill-suited to finance the growing infrastructure requirements. Reforms must focus on promoting the availability of non-bank finance.

2. According to STUDENT INCOME AND SPENDING PATTERNS AT UTAH STATE UNIVERSITY by Jesse Rodney Dansie (1964)

This paper measures the magnitude and nature of the economic activity of Utah State University students in Cache County. the purpose of this study was to develop marketing and economic facts concerning Utah State University student's income and spending patterns.

It also supplied us with empirical data which was useful in further analytical studies of consumer's economic behaviour in the development of student income and expenditure theory. The study analysed data in a cross-tabulation format, which is the same format that will be used in this project and the results showed us the major sources of income and expenditure of male and female students and their mean values, in UTAH STATE UNIVERSITY.

3. According to "Nudging Youth to Develop Savings Habits: Experimental Evidence Using SMS Messages" by Catherine Rodríguez of the Universidad de los Andes and Juan E. Saavedra of Center for Economic and Social Research at the University of Southern California (2016)

In the working paper published by them, they did a field experiment articulating financial information via cell-phone, text-messages and financial decisions among low-income youth in Colombia and made a report based on it and its findings.

They had a sample size of 10053 youth whose financial activities were monitored over a 12 months period. They acquired data from 3 sources. The first two sources were bank administrative data from baseline account opening application forms and monthly account balance and transactions data.

The third data source was a phone survey that they administered to a subsample of experimental subjects. The researcher conducted a randomized controlled trial through which they found that simple financial information delivered through SMS improves savings outcomes among youth and that message content matters. Consistent with the limited attention hypothesis, youth account-holders who receive reminders increase account balances in more than 30% relative to control account-holders during the 12-month period in which they receive SMS

4. According to Abhijeet Birari & Umesh Patil of MGM Institute of Management, Aurangabad in their study on "Spending & Saving Habits of Youth in the City of Aurangabad" (2014)

they carried out a study on the savings and spending habits of youth in marathwada region of maharashtra. Different spending patterns among three groups of the students i.e. junior college, graduation, and post graduation level students in Aurangabad city, Maharashtra was studied. Primary data on spending in different categories of youth like shopping, movies, fast food, alcohol etc. was collected and analyzed using various statistical and research tools.

ANOVA and T-TEST were used to analyze whether significant difference exists between spending patterns of different groups and the genders. It was also noted that both the male and female youth have different spending patterns with a slight similarity. Significant portion of their spending goes towards shopping, fast food, mobile phone expenditure, investment and transportation.

5. According to Sharmila V. in her study on “Transfiguration of Saving and Spending Habits of College Students Ascribed to Internet Banking”

She addressed the question of Why, Where and How the college students spend and save their money. The objective of study was to analysis the various mode of saving habit, spending pattern and to identify the changes in saving and spending status due to internet banking.

Statistical tools in excel and spss were used to analyse the answers of the respondents. The findings revealed that majority of college students prefer bank account for the purpose of saving's, and they are using online banking app for the day to day transactions spent on various streams which has been ranked in the following study.

6. According to “Examining undergraduates spending behaviour: the case of Sultan Idris education university” by Rosmini Ismail and Khalizul Khalid

They carried out a study to examine Sultan Idris Education University undergraduates' spending pattern regarding the use of their education's funding. Main analyses of the study include (1) identifying top 5 spending categories: (2) determining each category's spending range and (3) profiling students according to spending behaviour through exhaustive Chi-squared Automatic Interaction Detection (CHAID) procedure.

The study employs survey method through distribution of guided-questionnaires and interviews to gather information on students' expenditure to derive analysis.

7. According to “The relationship between income, expenditure and household savings in peninsular Malaysia” by Rahmah Ismail and Norlinda Tendot Abu Bakar (2012)

Their paper aims to analyze the relationship between income, expenditure and savings of households in Peninsular Malaysia. They used proportionate stratified sampling method while sampling data.

The data was presented in a cross-tabulated format where they analyzed each variable in-depth and they also used case-studies to illustrate and support their hypothesis. They also calculated the income and expenditure elasticity of Malaysian households studied.

3. RESEARCH METHODOLOGY

3.1 OBJECTIVES

The objectives are designed to give a direction to the study and give focus to a specific part of a topic. The research objective concisely describes what the research is trying to achieve, and it summarizes the accomplishments a researcher wishes to achieve through the project.

The objective selected are multi-variate as we are studying the sources of income, expenditure pattern, savings pattern and likeliness of undergraduate students in Mumbai metropolitan region to take financial advice.

- 1) To study the sources of income of undergraduate students
- 2) To study the saving habits of undergraduate students
- 3) To understand the expenditure pattern of undergraduate students
- 4) To provide constructive suggestions to improve savings & investing habits.

3.2 HYPOTHESIS OF THE STUDY

The formulation of hypothesis is an important step in the formulation of research problem. A hypothesis is a tentative proposition formulated to determine its validity. The hypothesis may prove to be correct or incorrect. In any event, it leads to an empirical test. A hypothesis is based on the objectives of the research.

Hypothesis 1:

Ho: there is no significant relationship between family income and the pocket allowance of undergraduate students

H1: there is a significant relationship between family income and the pocket allowance of undergraduate students

Hypothesis 2:

Ho: there is no significant relationship between saving habits of undergraduate students and their pocket money

H1: there is a significant relationship between saving habits of undergraduate students and their pocket money

Hypothesis 3:

Ho: There is no significant relationship between family spending habits and students spending habits

H1: There is a significant relationship between family spending habits and students spending habits

3.3 SIGNIFICANCE OF THE STUDY

1. PARENTS

Parents are the ones who are generally having the highest contribution in their child's pocket allowance. The suggestions given by this study can help them guide their children to take better financial decisions.

Parents will also be aware about how the undergraduate students in this generation are spending and saving on an average and how likely are they to spend more than what they receive as pocket allowance.

2. UNDERGRADUATE STUDENTS AND NEXT GENERATION

This study will help undergraduate students and the people who form the current generation to understand their own tendencies with respect to pocket allowances, their expenditure pattern and savings pattern and their general opinion regarding financial planning.

The inferences made from this study will help them improve their savings and find investment avenues so that they can start investing from this young age to achieve financial goals.

3. FINANCIAL PLANNERS

A Financial planner is a professional who is qualified in investments and helps in industries and corporations to meet their long-term financial objectives. A financial planner helps you to maximize savings and turn them into a suitable class of investments taking into consideration a person's goals, risk appetite and financial situation.

Financial planners will help in budgeting income and expenses and they must know how undergraduate students are managing their expenses and savings. so that they can make the appropriate decisions with respect to the planning and preparation towards with this new generation and its financial habits

4. FINANCIAL INSTITUTIONS

A financial institution is a company engaged in the business of dealing with financial and monetary transactions like deposits loans investments etc. it is important for the financial institution to know the money habits and the attitude of the new generation with respect to investing and savings so that they can design and re-innovate financial instruments which are more relevant and more up-to-date with the current trends and financial appetite.

5. VARIOUS COMPANIES AND BRANDS

Since India is a very huge country in terms of area and has a very huge population, it happens to be one of the biggest consumer markets in the world. A very large portion of the population is below the age of 25. Out of which undergraduate students range from age 17-22. In this digital world where consumer preferences and tastes are changing, the companies must be aware of the new trends and needs of the market.

Out of the new generation that has come forward, the undergraduate students have a very high portion of the aggregate when it comes to expenditure and consumption. Therefore, knowing the saving habits and their expenditure pattern of undergraduate students will be of pivotal importance for brands to identify opportunities and innovate their products and services accordingly.

3.4 TYPE OF STUDY

There are numerous types of research design for conducting a research study. They can be classified into two types:

1. Exploratory research
2. Conclusive research

Here in our case, for the purpose of the study we are going to conduct a descriptive research. Descriptive research is conducted so that we can obtain descriptive information about a certain aspect of a problem. A descriptive study is used to get an answer for a 'who, what, when, where and how' type of question. Using descriptive research to answer the 'why' question is tough. Therefore, to get the answer for the 'why' question of the problem we will dive deeper and use inferential statistics to determine and give clarity to our descriptive study using analytical research or casual research to find cause-effect relationships.

To summarize, this research is a descriptive research which develops into an analytical research. The significance level or confidence level used to test the credibility of my research is 5%.

SAMPLING DESIGN

Sampling design is a plan designed to select the appropriate sample in order to collect the right data so that we can achieve our research objectives. The methods of sampling can be broadly divided into two groups.

1. Probability methods
2. Non- probability methods.

Probability sampling is also known as random sampling. Probability means possible chance; therefore, each element of the population has a known chance or opportunity of being selected or included in the sample. In our study we will be adopting a probability simple random sampling. The main reason why this method was chosen was due to the fact that it is the only method of sampling which is systematic and objective, and it provides an equal

chance to every element of the population in getting selected in the sample, thus eliminating any human bias.

SAMPLE SIZE

Sample size determination is the process of choosing the number of respondents/ observations to include in a statistical sample. It is a pivotal part of a research study as the sample size determines the accuracy of the interpretations derived from the study.

For our study we have a sample size of 173 respondents out of which ---- are male and --- are female. The questionnaire was sent online to each respondent and each respondent is an undergraduate student who is studying in an institute within the Mumbai metropolitan region. The respondents are between the age of 17-22 and range from various fields of education like arts, science and commerce.

DATA COLLECTION METHOD

The data collection method means the various sources from where the data has been collected by the researcher. There are several methods for collection of data, especially in surveys and descriptive researches. As during data collection for descriptive research, the primary data is collected from the respondents through direct communication or through personal interviews.

For the purpose of the research, the primary data was collected through a close ended structured questionnaire which was designed pre hand and an online survey was done using Cognito forms. Online survey was the most feasible form as the data was to be collected from varied population in short period of time.

The data collected was a scaled data i.e. Likert scale of value 5 each and through a percentage slider option available in Cognito forms. Survey was answered by undergraduate commerce students of various colleges under Mumbai Metropolitan region. Close ended questionnaire method is the most feasible method of data collection as a fixed set of questions is prepared and surveyed. Therefore, uniform observations were obtained through the survey.

For the purpose of secondary data collection, the researcher has used various forms such as various research magazines, articles, websites, research journals, compendiums, etc. related to the topic. Due to unavailability and shortage of time no books were studied in the physical form. The secondary sources were mostly used for designing the review of literature for the project. Being a descriptive research more secondary data was used for the study.

The data collected can be of two types: metric data and non-metric data. Metric data means the data collected through some scales. The metric data can be further classified as discrete and continuous data. Non-metric data means the data jointly collected through nominal scales, binary scales, and ordinal scales.

RESEARCH TOOLS USED

Research tools are anything which helps in the collection of information for a research such as observation forms, interview schedules, questionnaires, and the interview guides. Hence, for testing the information collected research or statistical tools are used. There various types of research tools used to test the data in different ways.

These statistical tools are usually applied on the tabulated data. These tools can be of two types: parametric tests and non- parametric tests. For applying parametric test, the information should be distributed in the tabular format whereas for applying non-parametric test, no such format is required. It can be applied on any type of data of even and uneven distribution. The parametric tests are usually applied on the metric data only whereas the non-parametric test is applied on the non-metric data.

In this research we will use parametric tests to test all 4 hypotheses. there are various parametric tests like t-test; f-test; z-test; anova; chi-square. In this study we will be using anova to test our hypothesis and we will present the data regarding income and expenses in a cross tabulated format to give in-depth analysis and insights regarding the data.

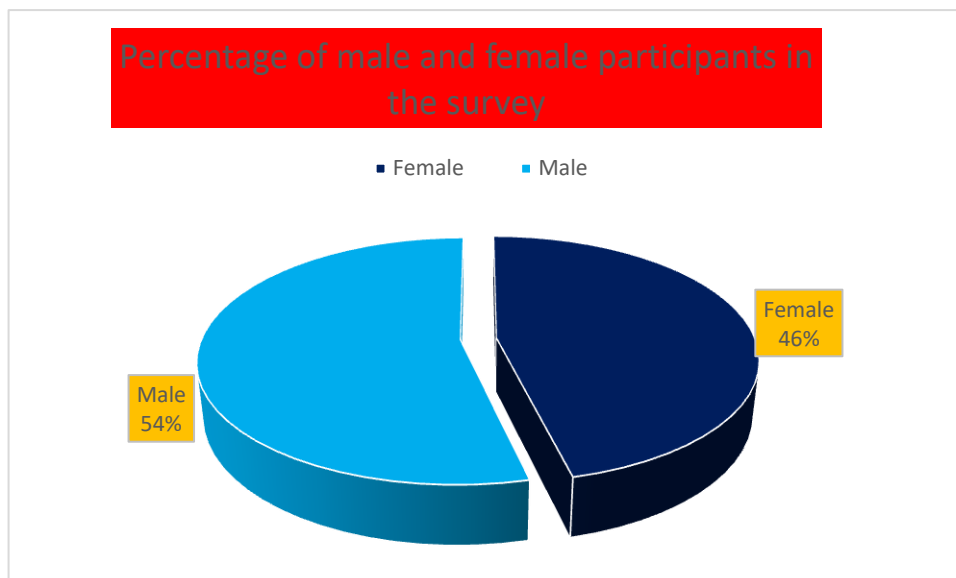
We shall also use descriptive statistics to analyse our data. Descriptive statistics will give us mean, median, mode, standard deviation and variance, correlation, regression of the data

Anova also known as “Analysis of Variance” is a statistical tool used to test the differences between two or more means. Here we will use Anova with one factor or one-way anova.

Descriptive Statistics is a tool used to measure various measures of central tendencies and Measures of variability.

4. DATA ANALYSIS AND INTERPRETATIONS

1. Gender of the sample size

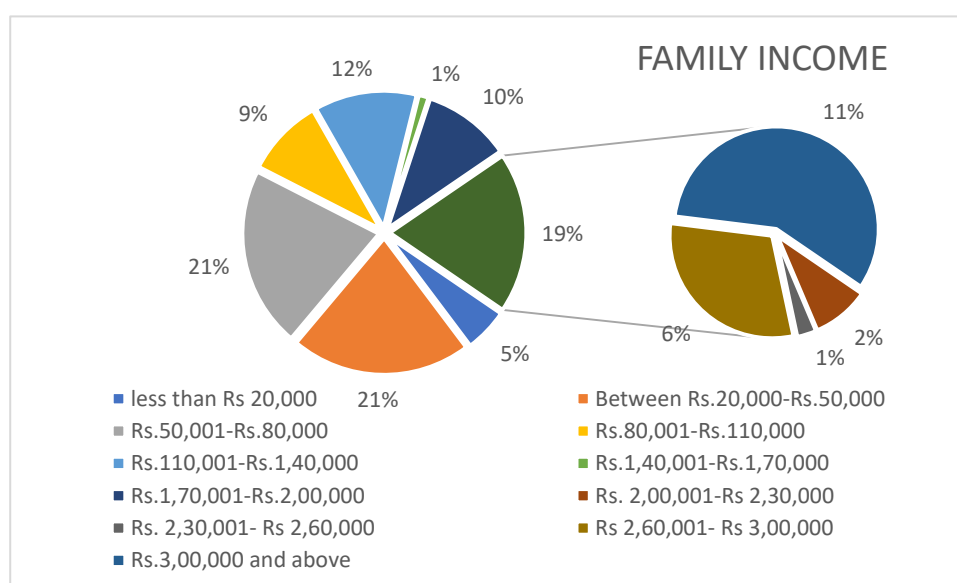


Gender	Count
Female	80
Male	93
TOTAL	173

Interpretation: from the following pie-chart we can infer the percentage of male and female respondents who completed the survey. The table below the chart shows the count of female and male undergraduate respondents. There were 80 female respondents and 93 male respondents who responded to a survey, a total of 173 responses were recorded out of which 54% were male and 46% were female.

2. What is the approximate Income of your "FAMILY" on a "MONTHLY" basis?

For this question the data was analyzed using an elaborate pie-diagram and with the use of a table which shows us the students overall monthly family income family income.



Interpretations: as we can observe from this pie-chart, that 5 income groups out of 11 comprise of only 19% of the population. While on the other hand, we can also observe that the maximum number of students come from families who earn less than Rs. 1,10,000 per month and they comprise of approximately 56% of the total population which accounts for more than half the respondents who answered the survey.

INCOME RANGE	NO OF INDIVIDUALS	% OF NO OF INDIVIDUALS
less than Rs 20,000	9	5%
Rs.20,000-Rs.50,000	37	21%
Rs.50,001-Rs.80,000	37	21%
Rs.80,001-Rs.110,000	16	9%
Rs.110,001-Rs.1,40,000	21	12%

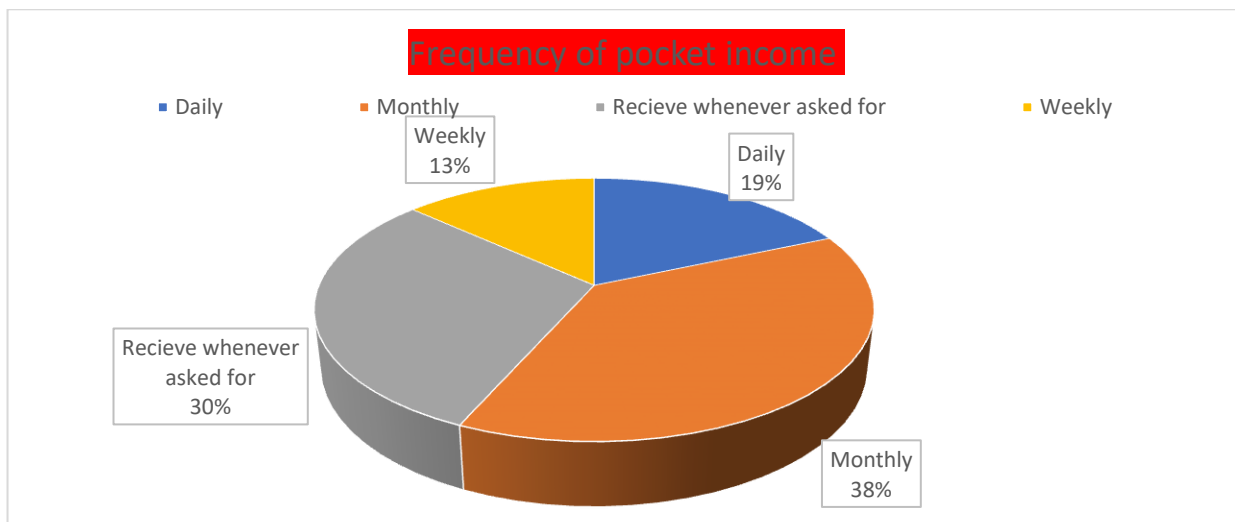
Rs.1,40,001-Rs.1,70,000	2	1%
Rs.1,70,001-Rs.2,00,000	18	10%
Rs. 2,00,001-Rs 2,30,000	3	2%
Rs. 2,30,001- Rs 2,60,000	1	1%
Rs 2,60,001- Rs 3,00,000	10	6%
Rs.3,00,000 and above	19	11%
Total	173	100%

We can divide this table into 3 main groups of income, that is students whose monthly family income ranges within Rs.1,10,000 whose characteristics are stated in the above paragraph. The second group is students whose family income per month ranges from Rs.1,10,001-Rs.2,00,000 and third group from Rs. 2,00,001 and above.

The second group of respondents from the table come from a higher middle class background and account for 24% of the respondents and the last group of respondents who can be classified as the upper middle class and rich respondents are responsible for 20% of the answers. Therefore, as we can notice, the lower middle-class group of the population will play a major role in the outcomes of this research study.

3. How often do you get your pocket allowances?

In this question, the researcher has asked the respondent to state how frequent they receive their pocket money. The researcher has tabulated the count and presented the data in a pie-chart to represent the data.

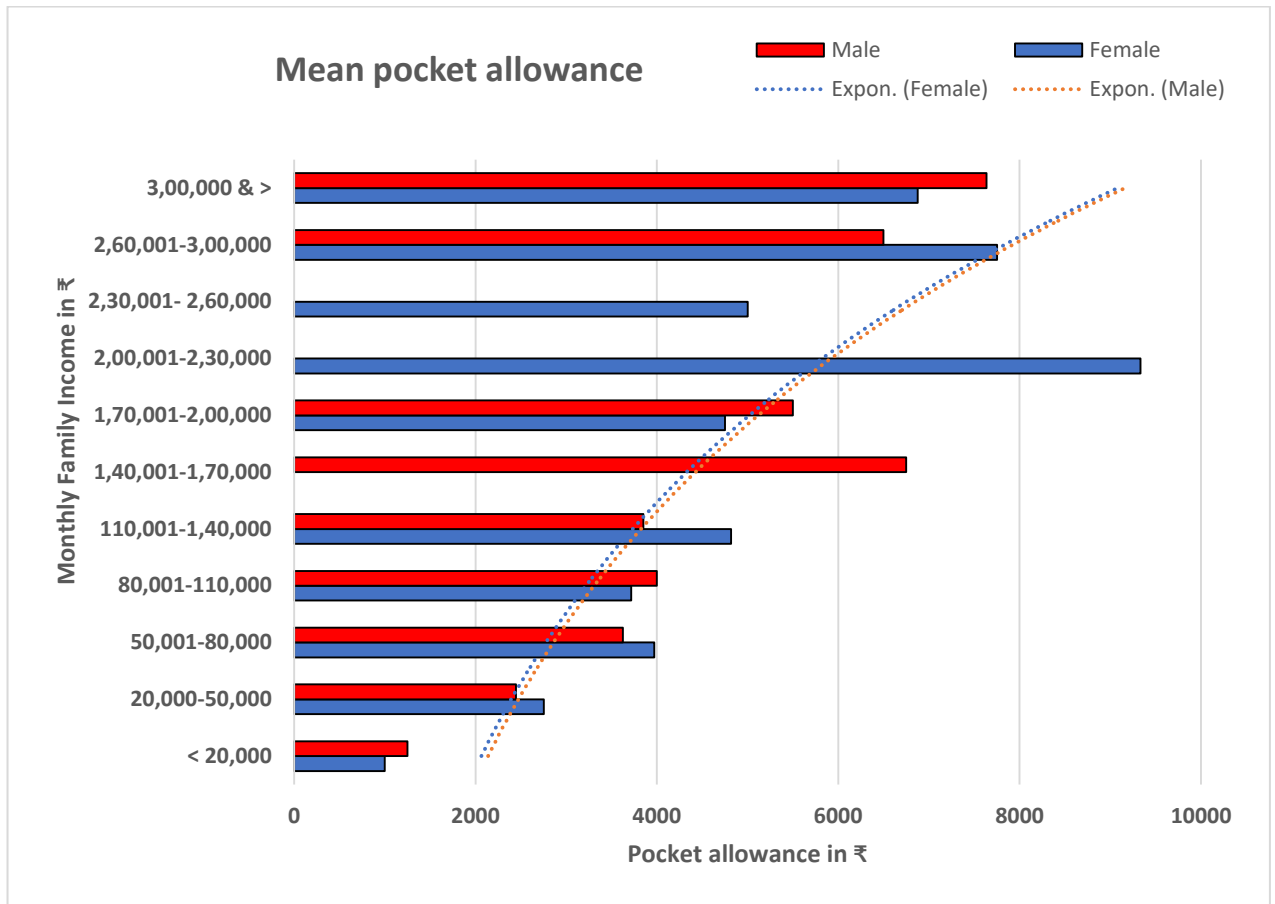


Frequency of pocket income	Count
Daily	32
Monthly	66
Receive whenever asked for	52
Weekly	23
Total	173

Interpretation: the table shows us the number of students who have recorded the frequency in which they receive their pocket income, while the chart shows us the percentage wise frequency of receipt of pocket income in undergraduate students. There were 32 students who received pocket allowances daily and comprise of 19% of the total data. 23 students were given their allowance once in a week which is 13% of the total population. 52 students out of 173 were given their allowance randomly throughout the month whenever they asked for it. And most of the students that is 38% of the students received their pocket allowance in a lumpsum on a particular day of the month.

4. Approximately how much allowance do you get per month?

In this question, the researcher wants to know how much pocket money each respondent receives in total every month. The researcher then finds out the mean pocket allowance of each sub-income group and represents it through a table where he divides the population into male and female and shows the mean pocket allowance of both genders individually and combined. With the help of a bar chart, the researcher also graphically represents the data for better understanding and usage.



Interpretations: From the bar-chart and the table below, we can visually observe that with a rise in the family income there is a rise in the monthly pocket allowance of students. However there is insufficient data in some groups for both the genders, we can still clearly observe the exponential trendline for both male and females that the pocket money rises with family income and that there is a direct correlation between the two variables. In the table we can look at the mean pocket allowances for both genders across income groups and we can interpret that overall male and female respondents receive the same amount of pocket allowances.

Mean of Monthly Pocket Allowance			
Monthly Family Income in ₹	Gender		
	Female	Male	Total
< 20,000	1000	1250	1167
20,000-50,000	2753	2445	2586
50,001-80,000	3971	3625	3822
80,001-110,000	3717	4000	3894
110,001-1,40,000	4818	3850	4357
1,40,001-1,70,000	n/a	6750	6750
1,70,001-2,00,000	4750	5500	5167
2,00,001-2,30,000	9333	n/a	9333

2,30,001- 2,60,000	5000	n/a	5000
2,60,001-3,00,000	7750	6500	6750
3,00,000 & >	6875	7636	7316
Total	4375.0	4273.1	4320.2

<i>Descriptive statistics for monthly pocket allowances</i>	
Mean	4320.231214
Standard Error	177.3180725
Median	4000
Mode	3500
Standard Deviation	2332.25511
Sample Variance	5439413.9
Kurtosis	1.691535938
Skewness	1.271010961
Range	12000
Minimum	1000
Maximum	13000
Sum	747400
Count	173

The third table shows us the values obtained after the application of “Descriptive Statistics” and gives us the values for mean, median, mode, standard deviation, variance, skewness and kurtosis, range, minimum and maximum, sum and count. All these values are required to the different types of tests that can be applied.

The variance shows us the how the two variables vary, skewness and kurtosis shows the slope of curve formed, standard deviation shows how the variables are deviated from the mean position. As we can observe the mean of the dataset is more than the median which tells us that the dataset is positively skewed.

In the second table, we can observe clearly that an increase in income has a direct correlation to the pocket allowance received by the students. This supports the first chart which shows us the steepening exponential curve for pocket money with respect to increase in family income.

However it is also to note that students pocket allowances decrease after a certain point in the table, showing that the parents can be a little conservative with giving their children large amounts of money, most likely because the students don't require that much money.

5. What percentage of your income comes from the following sources?

Through this question, the researcher wants to identify, the sources of pocket income for undergraduate students and identify the mean proportion of income received from each source segregated by pocket allowance. It is to note, that the averages consider data that had null value, however the mean proportions help us understand which is the most likely source of income.

Pocket allowance	Mean of sources of income				Total
	Parents	guardians	Internship/job	gifts	
1000-1999	887 (0.72)	83 (0.083)	219 (0.19)	3 (0.003333333)	1193 (1)
2000-2999	1969 (0.84)	147 (0.063)	143 (0.0625)	79 (0.033333333)	2338 (1)
3000-3999	2831 (0.86)	211 (0.063)	140 (0.042391304)	99 (0.030434783)	3280 (1)
4000-4999	3076 (0.74)	336 (0.08)	630 (0.145454545)	141 (0.033333333)	4182 (1)
5000-5999	3776 (0.75)	440 (0.088)	748 (0.145238095)	107 (0.021428571)	5071 (1)
6000-6999	4781 (0.79)	169 (0.028)	1072 (0.177777778)	33 (0.005555556)	6056 (1)
7000-7999	5390 (0.77)	140 (0.02)	1400 (0.2)	210 (0.03)	7140 (1)
8000-8999	7009 (0.87)	1000 (0.125)	0 (0)	53 (0.00625)	8063 (1)
9000-9999	6300 (0.7)	900 (0.1)	1350 (0.15)	450 (0.05)	9000 (1)
10000-10999	5500 (0.55)	286 (0.029)	4143 (0.414285714)	71 (0.007142857)	10000 (1)

11000-11999	11000 (1)	0 (0)	0 (0)	0 (0)	11000 (1)
12000-13000	12500 (1)	0 (0)	0 (0)	0 (0)	12500 (1)
Total	3380 (0.79)	282 (0.06878613)	566 (0.115317919)	96 (0.0242775)	4324 (1)

Interpretations:

The table shows us that the most likely source of pocket income is from the students parents. Many students live in a joint family as well, therefore the guardians also tend to be a source of income for students but on an average they aren't the larger source compared internships/ jobs. Students tend to take up internships during their college life, which gives them work exposure and a small source of income. And the last income source is through gifts. Many a times, relatives and friends who happen to be visiting give money as a gift which students use for their expenses but this source doesn't always arise although it can at times account for a very high proportion of the pocket income.

DESCRIPTIVE STATISTICS FOR THE SOURCES OF POCKET ALLOWANCE INCOME

PARTICULARS	PARENTS (₹)	GUARDIANS (₹)	INTERNSHIP/JOB (₹)	GIFTS (₹)
<i>Mean</i>	3379.942197	282.1965318	566.416185	95.72254335
<i>Standard Error</i>	177.0619788	51.02149692	118.5777147	11.92001658
<i>Median</i>	3000	0	0	0
<i>Mode</i>	4000	0	0	0
<i>Standard Deviation</i>	2328.886723	671.0830162	1559.64633	156.7833397
<i>Sample Variance</i>	5423713.369	450352.4146	2432496.675	24581.01559
<i>Kurtosis</i>	2.974677672	11.85825893	17.67530937	4.698299224
<i>Skewness</i>	1.462083255	3.228198618	3.946685116	1.977548666
<i>Range</i>	13000	4000	10000	900

<i>Minimum</i>	0	0	0	0
<i>Maximum</i>	13000	4000	10000	900
<i>Sum</i>	584730	48820	97990	16560
<i>Count</i>	173	173	173	173

This table which shows the descriptive statistics, further proves that parents are the largest source of pocket income. It is to be noted that the median and mode for the remaining 3 sources of data is 0 which indicates that more than half the students don't receive their income from those 3 sources and are completely reliant on their parents for their needs. We can also identify that maximum number of students get ₹4000 as their pocket income. The highest amount earned by someone who is working at a job/ internship is ₹10000 and the highest amount received from a students guardian is ₹4000.

6. How much percentage of your income gets spent on the following?

Through this question the researcher wishes to identify the amount of money spent on the following expenditure heads and wants to know the amount of pocket money that goes into savings. The researcher also wants to find out which expense heads have the most contribution to the total expenses incurred. How much of the total savings is converted into investments is also one of the important things that will be found out using the data received from this question.

Monthly allowance	Meals	Entertainment	Travelling	Bills	shopping	Total Expenses	savings	investing	Total Savings	Total Income
1000-1999	361 (0.3028)	81 (0.0682)	365 (0.3061)	99 (0.0827)	68 (0.0567)	974 (0.8165)	190 (0.1592)	29 (0.0243)	219 (0.1835)	1193 (1.0000)
2000-2999	538 (0.2301)	203 (0.08690)	639 (0.2735)	196 (0.0838)	174 (0.0745)	1750 (0.7488)	429 (0.1835)	158 (0.0676)	587 (0.2512)	2338 (1.000)
3000-3999	955 (0.2910)	296 (0.0901)	954 (0.2908)	230 (0.0700)	326 (0.0995)	2760 (0.8414)	433 (0.1320)	87 (0.0266)	520 (0.1586)	3280 (1.000)
4000-4999	1314 (0.3143)	498 (0.1191)	1024 (0.2449)	193 (0.0462)	379 (0.0906)	3408 (0.8151)	558 (0.1335)	215 (0.0514)	773 (0.1849)	4182 (1.000)
5000-5999	1712 (0.3376)	504 (0.0993)	1279 (0.2521)	299 (0.0589)	300 (0.0592)	4093 (0.8070)	748 (0.1474)	231 (0.0455)	979 (0.1930)	5071 (1.000)
6000-6999	2201 (0.3635)	456 (0.0753)	1340 (0.2213)	426 (0.0703)	952 (0.1572)	5375 (0.8876)	469 (0.0775)	211 (0.0349)	681 (0.1124)	6056 (1.000)
7000-7999	2170 (0.3100)	910 (0.1300)	1750 (0.2500)	560 (0.0800)	560 (0.0800)	5950 (0.8500)	910 (0.1300)	140 (0.0200)	1050 (0.1500)	7000 (1.000)

8000-8999	3113 (0.3860)	856 (0.1062)	1925 (0.2388)	756 (0.0938)	456 (0.0566)	7106 (0.8814)	856 (0.1062)	100 (0.0124)	956 (0.1186)	8063 (1.000)
9000-10000	2978 (0.3045)	1044 (0.1068)	1467 (0.1500)	1139 (0.1165)	1028 (0.1051)	7656 (0.7830)	867 (0.0886)	1256 (0.1284)	2122 (0.2170)	9778 (1.000)
>10000	1767 (0.1472)	367 (0.0306)	4533 (0.3778)	120 (0.0100)	600 (0.0500)	7387 (0.6156)	4453 (0.3711)	160 (0.0133)	4613 (0.3844)	12000 (1.000)
Grand Total	1325 (0.3067)	420 (0.0973)	1089 (0.2520)	304 (0.0705)	376 (0.0871)	3515 (0.8136)	601 (0.1391)	204 (0.0473)	806 (0.1864)	4320 (1.000)

Interpretations:

It can be observed that around 80% of the total income gets used up as expenses and students on an average save about 20% of their total pocket income. It can also be noted that students who have higher pocket income tend to save more than students with lower pocket income which can be observed in the table. Only 4% of the pocket money goes into investments which indicates that students don't tend to use investment instruments that much and tend to have cash savings.

Talking about the table below which shows us the descriptive statistics of each heading we can identify that meals are the largest expense for students and travelling is at 2nd, savings comes in at 3rd which shows that students do give savings a considerable amount of importance but it is not as much as it is desired to be as more money is utilized.

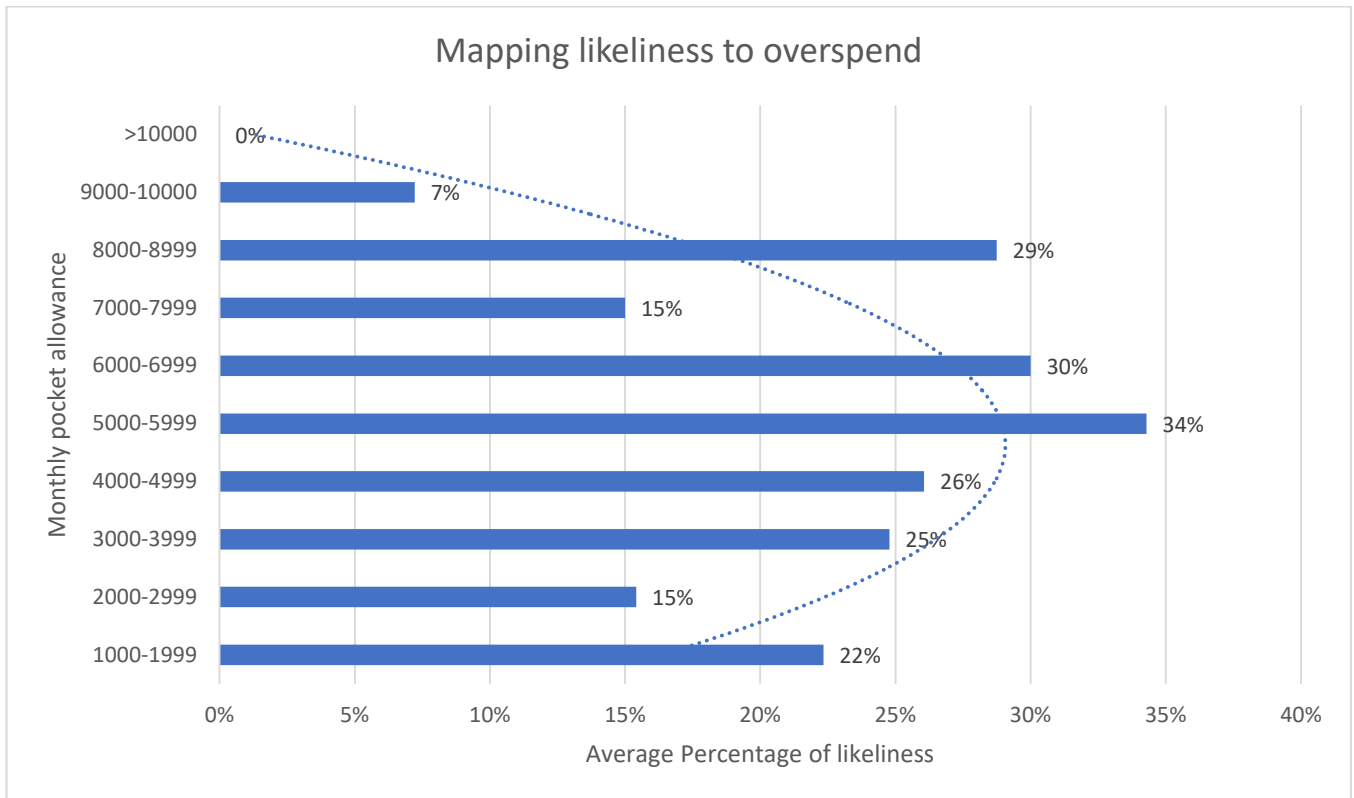
The mean and mode for investing is nil which shows us that more than half the students don't invest their savings and it also happens to be ranked last out of all the headings. Entertainment and shopping as an expenditure are lower in rank, this can be attributed to the fact that shopping is usually done with parents or through a separately given amount from parents with a very low occasional incurrence. The average amount spent on miscellaneous bills is about 7% but it is to be noted that students with higher pocket money spend more proportion of their income on bills.

<i>particulars</i>	<i>meals</i>	<i>travelling</i>	<i>entertain</i>	<i>bills</i>	<i>shopping</i>	<i>total expenses</i>	<i>savings</i>	<i>investing</i>	<i>total savings</i>	<i>total income</i>
Rank	1.0	2.0	4.0	6.0	5.0		3.0	7.0		
Mean	1325.0	1088.8	420.3	304.5	376.2	3514.7	601.0	204.5	805.5	4320.2
Standard Error	79.1	69.0	38.3	36.0	38.4	147.0	60.4	36.4	71.2	177.3
Median	1100.0	900.0	250.0	175.0	225.0	3150.0	400.0	0.0	600.0	4000.0
Mode	1200.0	0.0	0.0	0.0	0.0	3500.0	0.0	0.0	0.0	3500.0
Standard Deviation	1039.9	908.1	503.1	472.9	505.4	1933.5	795.0	478.4	936.2	2332.3
Sample Variance	1081435.0	824565.8	253120.1	223649.7	255379.8	3738561.4	632010.4	228851.9	876541.1	5439413.9
Kurtosis	1.4	3.8	4.9	22.1	6.6	0.5	39.6	25.6	18.8	1.7
Skewness	1.2	1.6	2.0	3.7	2.2	0.9	5.0	4.3	3.3	1.3
Range	5400.0	5500.0	2500.0	4000.0	3000.0	8600.0	7800.0	4000.0	7800.0	12000.0
Minimum	0.0	0.0	0.0	0.0	0.0	400.0	0.0	0.0	0.0	1000.0
Maximum	5400.0	5500.0	2500.0	4000.0	3000.0	9000.0	7800.0	4000.0	7800.0	13000.0
Sum	229230.0	188356.0	72704.0	52676.0	65082.5	608048.5	103981.5	35370.0	139351.5	747400.0
Count	173.0	173.0	173.0	173.0	173.0	173.0	173.0	173.0	173.0	173.0

7. How likely are you to spend more than the pocket money given to you (%)?

In this question, the researcher wants to find out which how likely the students are to spend more than the pocket money allocated to them. The researcher has divided the data between male and female to identify whether there is any particular gender which has a higher likeliness to overspend and he has segregated the data between pocket income groups

Pocket money per month	Female	Male	Grand Total	rank
1000-1999	14%	29%	22%	6
2000-2999	20%	13%	15%	7
3000-3999	20%	31%	25%	5
4000-4999	24%	28%	26%	4
5000-5999	39%	32%	34%	1
6000-6999	8%	58%	30%	2
7000-7999	20%	12%	15%	8
8000-8999	40%	18%	29%	3
9000-10000	10%	6%	7%	9
>10000	0%	0%	0%	10
Grand Total	21%	25%	23%	



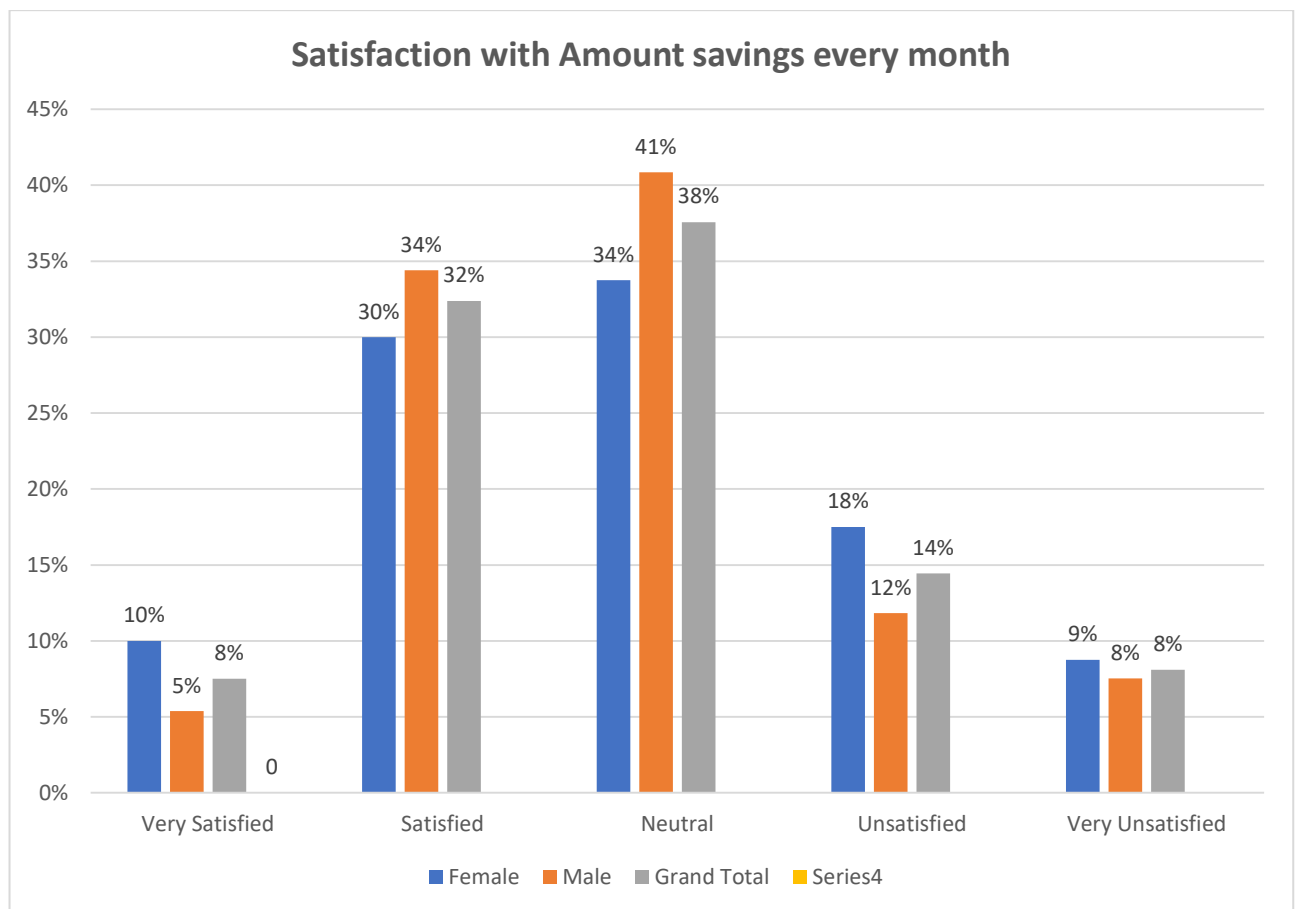
Interpretations:

Through the data obtained in the table and the exponential bar chart we can understand that students in the middle pocket income groups have a higher tendency to overspend while but obviously the lowest income group has a higher overspending turnover as the students are not provided with sufficient funds which is required to suffice. Students with a higher pocket income do not have a higher tendency to overspend as it can be presumed that the students are satisfied with how much pocket income they are receiving.

As previously known the students with high pocket income are more likely to save more than the other income groups which means there is very little to no tendencies to spend more than the money allocated to them. Talking of overspending based on gender, there is no trend observed and due to insufficient data, we cannot determine that there is any difference between the likeliness of either gender to have more tendencies to overspend

8. How satisfied are you with the amount you end up saving every month?

Through this question, the researcher wants to identify how satisfied the respondent is with respect to the amount of pocket income the students end up saving at the end of each month. He has used a Likert scale to identify the same. The results have been segregated into male, female and total average under each option of the scale.



Satisfaction with Amount savings every month	Female	Male	Grand Total
Very Satisfied	8 (10%)	5 (5%)	13 (8%)
Satisfied	24 (30%)	32 (34%)	56 (32%)
Neutral	27 (34%)	38 (41%)	65 (38%)

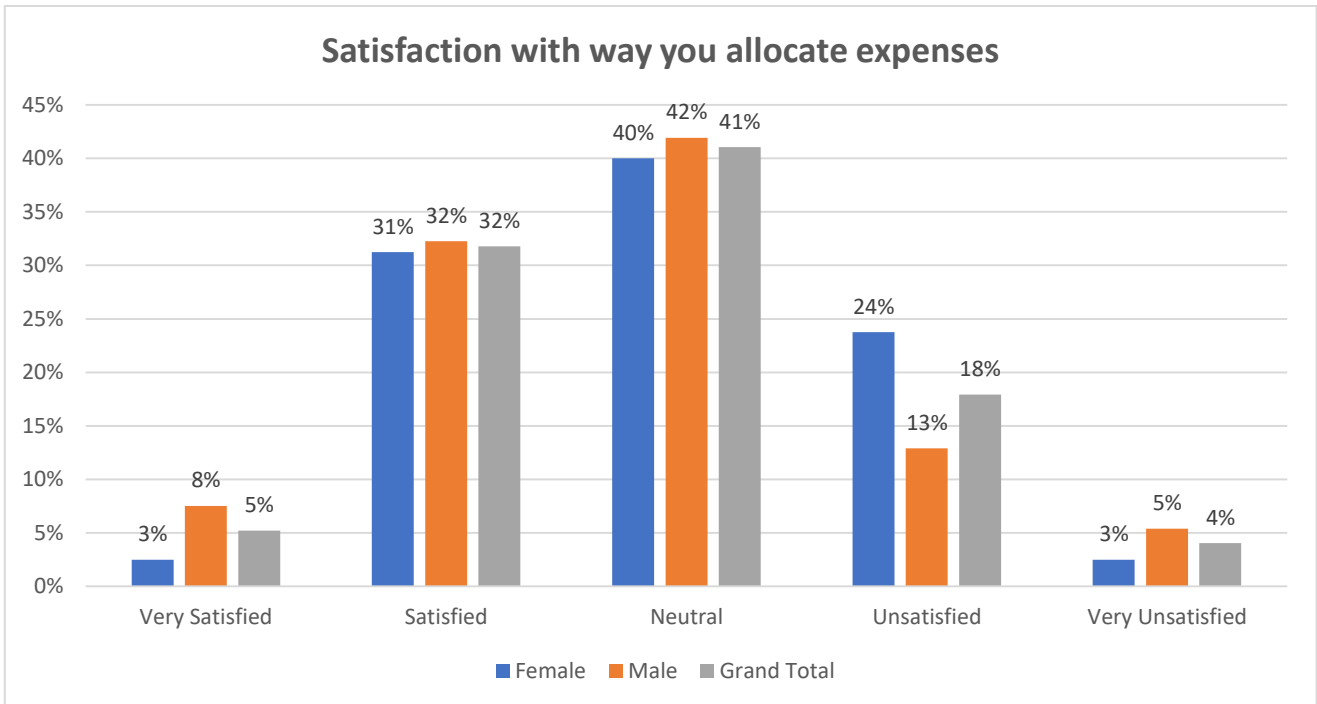
Unsatisfied	14 (18%)	11 (12%)	25 (14%)
Very Unsatisfied	7 (9%)	7 (8%)	14 (8%)
Grand Total	80 (100%)	93 (100%)	173 (100%)

Interpretations:

It can be observed from the above chart and bar graphs that most of the students are neither satisfied nor dissatisfied with the amount of savings they end up having, although there is an inclination of students being satisfied with the savings, very few students are very satisfied with how much they save. It can also be observed that male students are more moderately satisfied than female students about how much they save. And female students are more dissatisfied than their male counterparts about the same. Although overall most of the responses were neutral and moderately satisfied so we can assume that students are okay with how much they are saving.

9. How satisfied are you with the way you are allocating for your expenses?

Through this question, the researcher wants to identify how satisfied the respondent is with respect to the way the respondents are allocating for their expenses. He has used a Likert scale to identify the same. The results have been segregated into male, female and total average under each option of the scale



Satisfaction with way you allocate expenses	Female	Male	Grand Total
Very Satisfied	2 (3%)	7 (8%)	9 (5%)
Satisfied	25 (31%)	30 (32%)	55 (32%)
Neutral	32 (40%)	39 (42%)	71 (41%)
Unsatisfied	19 (24%)	12 (13%)	31 (18%)

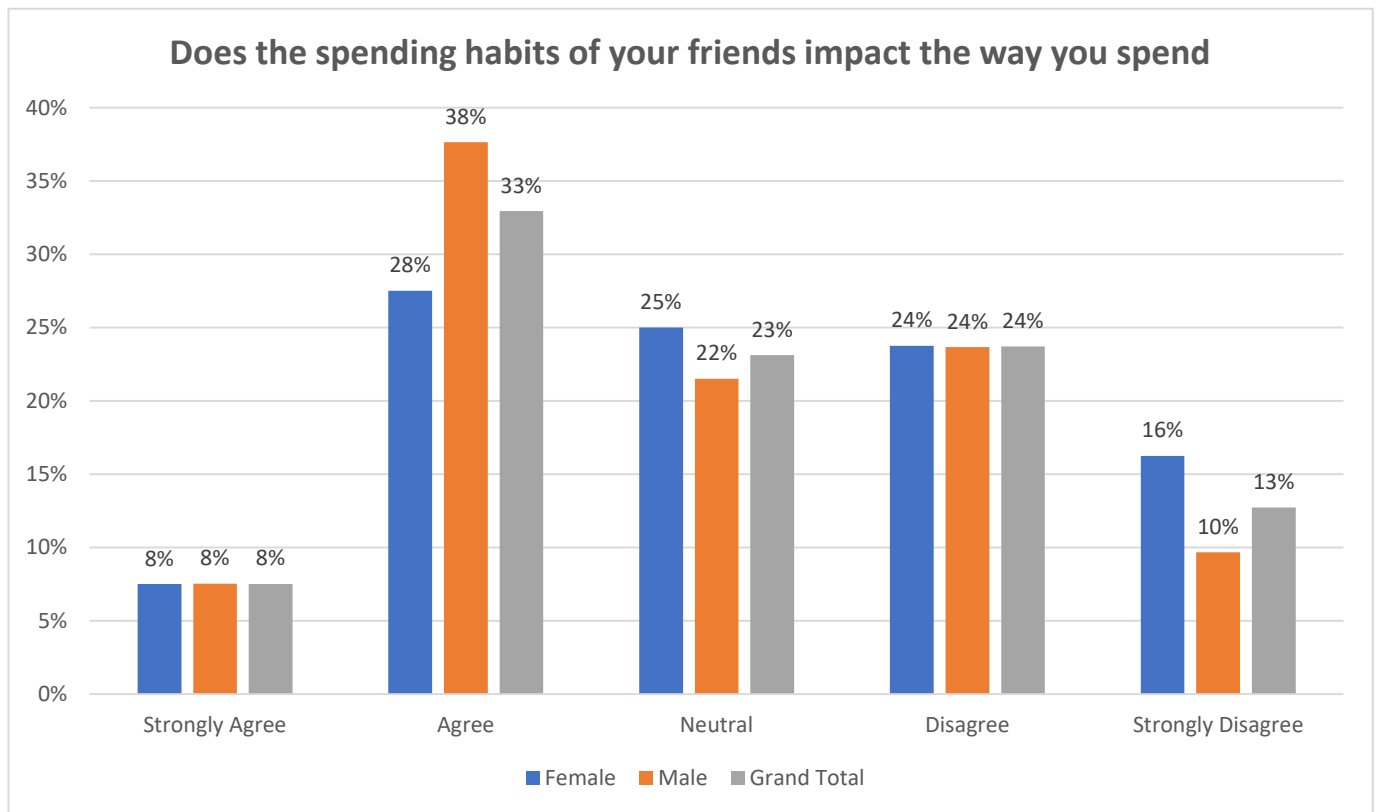
	2 (3%)	5 (5%)	7 (4%)
Very Unsatisfied			
	80 (100%)	93 (100%)	173 (100%)
Grand Total			

Interpretations:

From the above table and bar chart, we can observe that more than 2/5th of the respondents are neutral about how satisfied they were with the way they allocated for their expenses. About 32% students were moderately satisfied about how much they spent their money. More men were very satisfied than women and more women were unsatisfied than men that is 24% of the women. So it seems that women are generally more unsatisfied than men on how they allocate for their expenses. 8% men were very satisfied about the way they spend which increases the overall average to 5% and men bring down the average no of unsatisfied students to 18%. It can also be noted that very few of the respondents are totally dissatisfied or satisfied about how much they spend.

10. Do you think the spending habits of your friends impact the way you spend?

Through this question, the researcher wants to identify whether the students spending habits are impacted by the spending habits of their friends. He has used a Likert scale to identify the same. The results have been segregated into male, female and total average under each option of the scale



Does the spending habits of your friends impact the way you spend	Female	Male	Grand Total
Strongly Agree	6 (8%)	7 (8%)	13 (8%)
Agree	22 (28%)	35 (38%)	57 (33%)
Neutral	20 (25%)	20 (22%)	40 (23%)

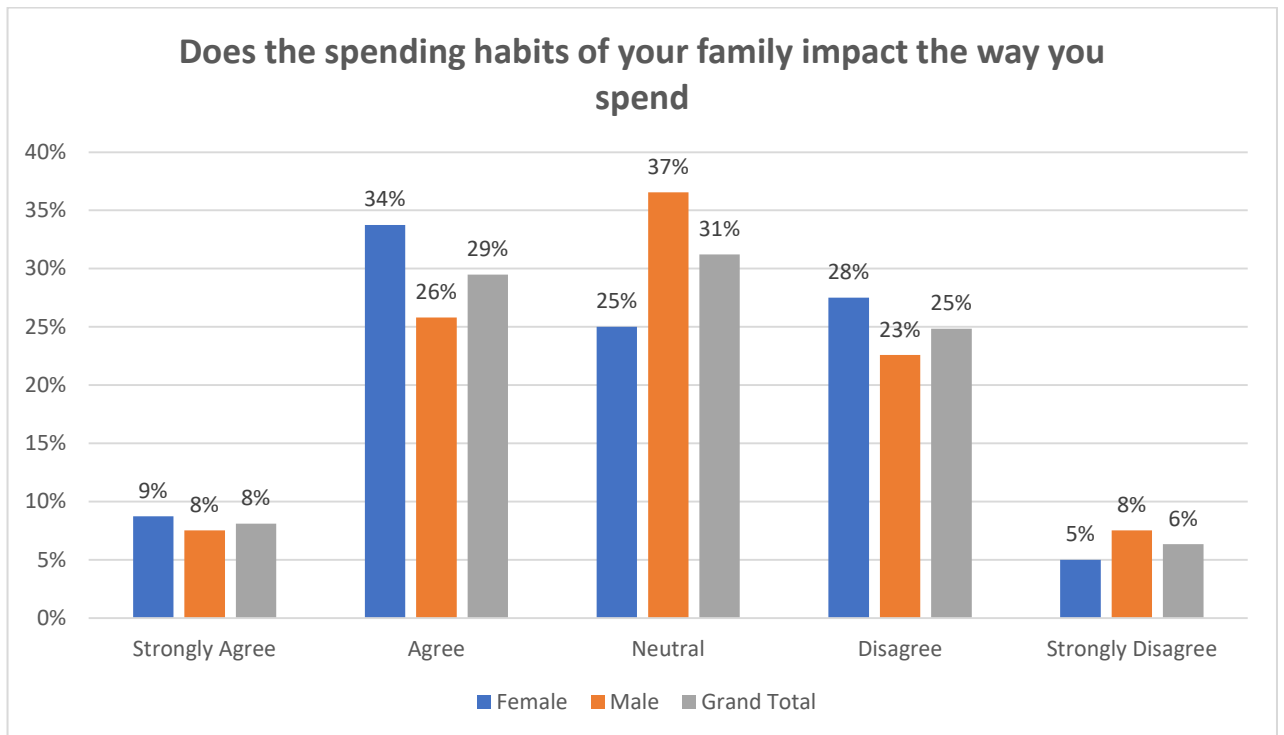
Disagree	19 (24%)	22 (24%)	41 (24%)
Strongly Disagree	13 (16%)	9 (10%)	22 (13%)
Grand Total	80 (100%)	93 (100%)	173 (100%)

Interpretations:

From the above bar chart and table we can observe that a large amount of the population especially the males agree that the spending habits of their friends impact their own spending habits. However, 1/4th of the respondents tend to disagree about their friends involvement in their own spending behaviour. Also, another 1/4th of the respondents chose to be neutral about the subject and may or may not agree or disagree about the role their peers play in their spending pattern. A large number of females also strongly disagreed about there being any impact. But we can fairly determine that sub-consciously there is an impact of friends spending pattern on our individual spending habits.

11. Do you think the spending habits of your family impact the way you spend?

Through this question, the researcher wants to identify whether the students spending habits are impacted by the spending habits of their parents. He has used a Likert scale to identify the same. The results have been segregated into male, female and total average under each option of the scale



Does the spending habits of your family impact the way you spend	Female	Male	Grand Total
Strongly Agree	7 (9%)	7 (8%)	14 (8%)
Agree	27 (34%)	24 (26%)	51 (29%)
Neutral	20 (25%)	34 (37%)	54 (31%)

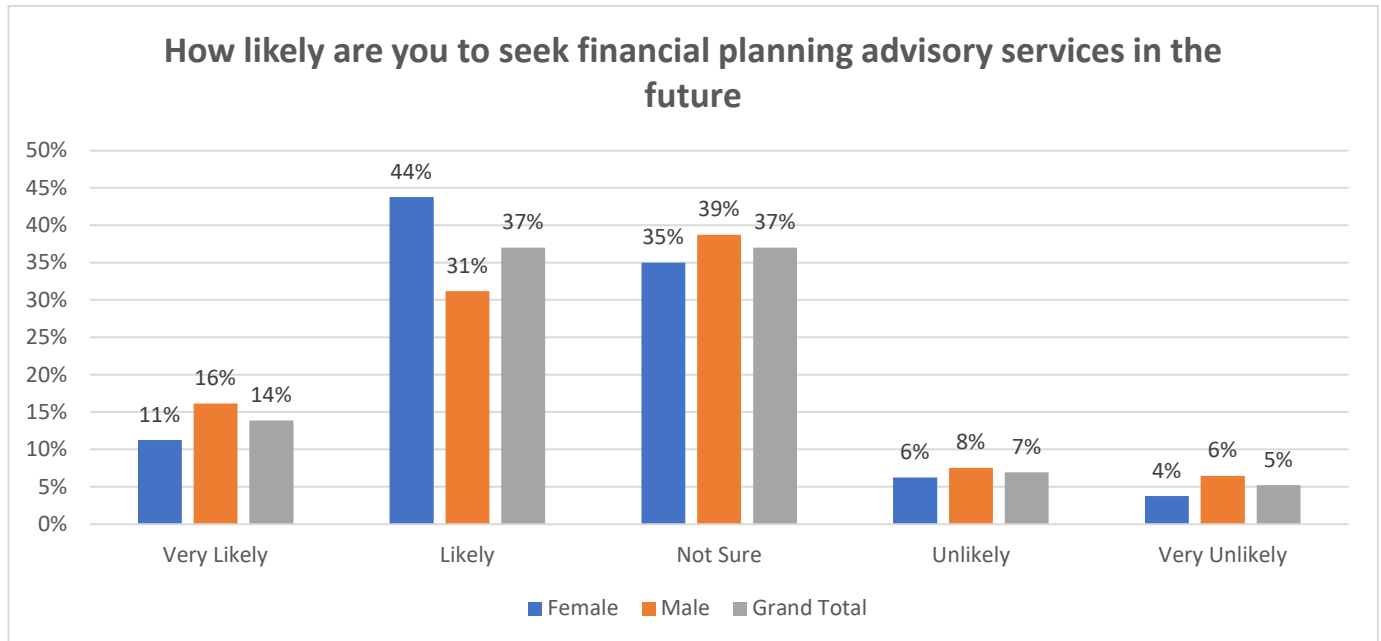
Disagree	22 (28%)	21 (23%)	43 (25%)
Strongly Disagree	4 (5%)	7 (8%)	11 (6%)
Grand Total	80 (100%)	93 (100%)	173 (100%)

Interpretations:

From the above table and bar charts we can observe that a very high proportion of students are neutral about their family's impact on their spending habits, this can be attributed to the male respondents where 37% are neutral about the topic. More women tend to agree that their family does play a vital role in their individual pocket spending habits. 1/4th of the population tends to disagree about the same but the amount of students disagreeing and strongly disagreeing is lesser than the ones who are agreeing and strongly agreeing. More females tend to have a proper opinion than men as more female respondents agree and disagree on the topic than the male respondents.

12. How likely are you to seek financial planning/advisory services in the future

Through this question, the researcher wants to identify how likely are the students to seek financial planning and advisory services in the future. He has used a Likert scale to identify the same. The results have been segregated into male, female and total average under each option of the scale



How likely are you to seek financial planning advisory services in the future	Female	Male	Grand Total
Very Likely	9 (11%)	15 (16%)	24 (14%)
Likely	35 (44%)	29 (31%)	64 (37%)
Not Sure	28 (35%)	36 (39%)	64 (37%)
Unlikely	5 (6%)	7 (8%)	12 (7%)

Very Unlikely	3 (4%)	6 (6%)	9 (5%)
Grand Total	80 (100%)	93 (100%)	173 (100%)

Interpretations:

Based on the observations made from the above bar chart and cross tabulations we can notice that a majority of the students are likely and very likely to take financial planning services. This accounts for about 51% of the overall population on average. 44% of the females are likely to enrol for such services which is nearly half of the female respondents. It is to be noted that barely 12% of the respondents are unlikely or very unlikely to opt for any of the services. However, 37% of the respondents are unsure about whether they would like to opt for any such services with 2/5th of the male respondents voting not sure.

FINDINGS OF THE STUDY

The data was collected was collected from primary and secondary sources. For the only primary an online survey was conducted through which 173 responses were collected by the researchers whereas secondary data was collected from multiple websites and journals. The findings of primary data were as follows:

1. In the view of respondents, most of the students receive their pocket income on a monthly basis while a huge proportion of them receive money whenever they ask their parents/ guardians for it.
2. In the view of respondents, the average pocket income earned by college students is ₹4320 and the average for both male and female undergraduate students is within close range of this average.
3. In the view of respondents, the maximum pocket money received by a student is ₹13000 and the minimum is ₹1000.
4. Through the interpretations made from the data collected through question 4. We have sufficient evidence to prove the h1 hypothesis of hypothesis 1, therefore rejecting the null hypothesis we can say that there is a significant relationship between family income and the pocket allowance of undergraduate students. The higher the family income, higher is the pocket allowance given to the students.
5. Through the interpretations made from the data collected through question 6. We have sufficient evidence to prove the h1 hypothesis of hypothesis 2, therefore rejecting the null hypothesis we can say that there is a significant relationship between savings habits of undergraduate students and their pocket money. Lower pocket income group had lower savings while higher pocket income groups had higher savings on an average.
6. In the view of respondents, the most likely source of pocket income is from the student's parents as most of the students are totally are partly reliant on their parents for their basic needs.

7. In the view of respondents, the least likely source of pocket income is through gifts and miscellaneous sources as they do not tend to occur regularly.
8. In the view of respondents, students in the middle pocket income groups are more likely to spend more than the pocket income allocated to them than the lower and higher pocket income groups.
9. In the view of respondents, more males were satisfied than how much they ended up saving every month than their female counterparts. Interestingly most amount of respondents and most male respondents were neutral about their satisfaction regarding how much they saved.
10. In the view of respondents, $\frac{2}{5}$ th of the population was neutral about the way they were spending their pocket money and more than $\frac{1}{3}$ rd of the respondents were satisfied with their spending habits. It was also observed that females were twice as likely to be unsatisfied than males about their spending habits.
11. The respondents agree that friends are very likely to affect their spending behaviors and patterns, however a large no of respondents also have a disagreement on this and the same amount of respondents are neutral
12. Through the interpretations made from the data collected through question 11. We do not have sufficient evidence to prove the h1 hypothesis of hypothesis 3. Therefore, we have failed to identify any significant relationship between family spending habits having any effect on students spending habits
13. In the view of the respondents, students are likely to opt for financial planning and advisory services. Females are more likely than males to opt for such services. Many respondents were not sure if they would opt for the services in the future or not.
14. In the view of the respondents, it has been noted that the savings to investment conversion ratio is 0.75: 0.25.

CONCLUSIONS

Through the survey and data collected we can conclude that, undergraduate college students in Mumbai are heavily reliant on their parents for their pocket money and needs. Nearly every student is reliant on the money given by their parents and very few students are doing any jobs or internships.

This is a very serious problem as students must be doing internships or jobs at this age as this is the time to start being self-reliant. However it must be noted that many students are probably doing professional courses and do not have any time for internship projects or work. Students do not save a huge chunk of their income as it ranks 3rd in average allocation list.

A major contributor to total expenses is meals and travelling expenses which have to be reduced if there is to be more savings. Many students also are satisfied with the way they spend their income, but there is a huge scope for such students to improvise on the money they allocate to such expenses.

There is a sense of denial in students that their parents and peers do not affect their expenditure pattern which is unfavourable as it is scientifically proven that your near and dear ones affect the way you behave and hence affect the way you spend.

It has also been observed that very few students invest their savings and that their cash savings to investment ratio is 0.75:0.25 which is a very unhealthy ratio as these students who will start to have full time jobs in the future will have to save at least 40% of their total income to meet their future financial targets and goals, students don't have a practice in this and have very limited investment knowledge which will result in students taking time to adapt to the new environment and will take time to develop healthy financial habits.

Almost all students are also likely to spend more than what they are entitled to, this contradicts the fact that the students think that they are happy with the way they are saving and spending. This indicates bad financial habits and unnecessary or excessive spending among undergraduate college student which will need to be rectified.

Students must realize that it is high time to start saving more and reducing on expenses as there are numerous benefits to savings and investing will help them increase their income.

From this project we can conclude that students need to start saving more and must learn more about investment and the various investment avenue available. Students must also pay

attention to the things they re spending their pocket money on and reduce consumption of unnecessary things.

SUGGESTIONS

1. Identify the expenses that you regularly incur and make a budget which factors in your pocket money and your potential expenses. Creating realistic budgets and abiding by them will help having financial healthiness. There are many budgeting apps available on the internet which will help you analyze periodically how much expenditures you have incurred and how to optimize them.
2. Many students spend a lot of money on outside meals and travelling/fuel. Efforts can be taken to eat more home cooked food which will not only save you money, but will also be healthier. Similarly public transport can be a viable option rather than using your own vehicle as this will save on fuel expenses.
3. Basic investment knowledge is important for students so that they can maximize their returns by making use of the necessary investment avenues. Having your own portfolio from a young age will help you gain market knowledge and understanding which will help you to successfully obtain your financial goals. It will also help you gain an advantage during rough economic times.
4. Long term planning must start from now, so that along with your career path you will also be able to easily adapt and make adjustments to your step by step financial plan which will help you to lay a strong foundation to your life goals. Consulting a financial planner will help to gain more knowledge about this
5. It is very important to distinguish between the needs and wants and having a clear ideology to follow as students usually carelessly manage their money and develop bad financial habits which affect in the future. Becoming more conscious about your needs and wants will help you to make informed logical buying decisions.
6. Applying for internships and doing other projects which help you gain more financial knowledge and monetary benefits at this stage of your career will not only help you to

gain exposure but will also help you become self-reliant and more aware of how much hard-work you need to put in to earn money.

7. Lastly, help others to benefit from the knowledge and exposure you have, so that they do not make the same mistakes you made.

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APPENDIX

1. What is the approximate Income of your "FAMILY" on a "MONTHLY" basis?
2. From what sources do you get your pocket Allowances/income?
3. How often do you get your pocket allowances?
4. Approximately how much allowance do you get per month?
5. What percentage of your income comes from the following sources?
 - a. Parents
 - b. Guardians
 - c. Internships/ fulltime job/ part-time job
 - d. Gifts in cash

6. How much percentage of your income gets spent on the following?
 - a. Meals outside of home
 - b. Travelling and fuel
 - c. Entertainment (movies, netflix, events)
 - d. Payment of bills (rent, mobile recharge etc)
 - e. Shopping

7. How much percentage of your income goes into savings and investments?
8. How likely are you to spend more than the pocket money given to you (%)?
9. How satisfied are you with the amount you end up saving every month?
10. How satisfied are you with the way you are allocating for your expenses?
11. Do you think the spending habits of your friends impact the way you spend?
12. Do you think the spending habits of your family impact the way you spend?
13. How likely are you to seek financial planning/advisory services in the future?