A STUDY ON PERSONAL FINANCE MANAGEMENT SYSTEM AMONG YOUNGSTERS WITH SPECIAL REFERENCE TO ERNAKULAM DISTRICT

Dissertation Submitted to

MAHATMA GANDHI UNIVERSITY, KOTTAYAM

In partial fulfilment of the requirement for the award of

DEGREE OF BACHELOR OF COMMERCE

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THRIKKAKARA P.O KOCHI -682021, KERALA

BONAFIDE CERTIFICATE

This is to certify that this dissertation entitled "A STUDY ON PERSONAL FINANCE MANAGEMENT SYSTEM AMONG YOUNGSTERS WITH SPECIAL REFERENCE TO ERNAKULAM DISTRICT" is a record of original work done by MS . AABHA GODWIN (REG NO: 200021076991), Mr. ABOO RIHAN (REG NO: 200021076992), Mr. ADHUL WILSON (REG NO: 200021076994), in partial fulfilment of the requirement for the Degree of Bachelor of Commerce – Finance and Taxation under the guidance of Asst. Prof. PADMAJA P MENON, Department of B.Com Finance and taxation, the work has not been submitted for the award of any other degree or title of recognition earlier.

Asst. Prof. JULIE P.J

(Head of the Department)

Asst. Prof . JULIE P. J

(Project Guide)

Place: THRIKKAKARA

External Examiner

Date:

DECLARATION

We, **AABHA GODWIN , ABOO RIHAN and ADHUL WILSON** hereby declare that the project report titled " STUDY ON PERSONAL FINANCE MANAGEMENT SYSTEM AMONG YOUNGSTERS WITH SPECIAL REFERENCE TO ERNAKULAM DISTRICT", is a Bonafide Record of work done by us under the guidance and supervision of Asst. Prof. JULIE P J. Department of Finance and Taxation, BHARATA MATA COLLEGE, THRIKKAKARA. We also declare that this report embodies the findings based on our study and observation and has not been submitted earlier for the award of any Degree or Diploma to any institute or university.

Place: THRIKKAKARA   AABHA GODWIN

Date: ABOO RIHAN

                                               ADHUL WILSON

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We proudly utilize this opportunity to express our thanks and sincere gratitude to our esteemed guide Asst. Prof . JULIE P.J, Department of Commerce for her timely and valuable guidance, Encouragement enthusiasm and dynamism, which enabled us to bring out the project.

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We remember with great sense of gratitude, the encouragement and support given by parents, friends and Well – wishers in the successful completion of this project.

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CHAPTER -1

INTRODUCTION

INTRODUCTION

The focus of this research is toward examining the personal financial management abilities of youngsters. Financial management is an essential life skill that every youngster should learn to manage their finances effectively. It is the process of planning, organizing, directing, and controlling financial activities to achieve personal financial goals. The financial management system for youngsters aims to provide them with the necessary knowledge, tools, and techniques to manage their finances and build a secure financial future.

The financial management system for youngsters focuses on teaching them the basics of personal finance, including budgeting, saving, investing, and managing debt. It helps youngsters understand the importance of financial planning, setting financial goals, and developing a saving habit. The system also encourages youngsters to avoid unnecessary expenses and prioritize their spending to achieve their financial goals.

Furthermore, the financial management system for youngsters emphasizes the importance of building a strong credit history and managing debt responsibly. It educates youngsters on different types of loans and credit cards, their interest rates, and repayment terms. It also provides tips on how to avoid debt traps and manage debt efficiently. Overall, the financial management system for youngsters aims to equip them with the skills and knowledge they need to take control of their financial future, make informed financial decisions, and achieve their financial goals.

Human wants are unlimited as one want is satisfied other rises and we gets pursued to satisfy them. Money is mostly spend to buy items such a for basic need like bottle water, transport, food e Nowadays we can see that the living standards of the youngsters. Most of the youngsters are attracted to the branded products which may incur higher prices. They will try to find some way to make money to buy the desired brand/ product.

As the young age could be the hardest state in life, as it is the transition of childhood to adulthood The wants and needs of the youngsters change. They become more brand conscious and tries to copy down others higher standard of lifestyle. As the young age is much highly spending stage of life. The dependence on the parents also reduces. Youngsters start finding part time jobs which will help them to earn some pocket money to meet their basic needs. Most of the youngsters have their own mode of transport like bikes, car etc. The basic expenses incurred are for finding money for the fuel, fast foods, shopping, outing etc. Like these they spend a lot of money.

As in the other case investment / savings is one of the good habits of youngsters, as they are saving their money which would help them to use it for the future needs. Savings are also made so that they could buy their dream products. For example:- if a person desires to buy a car and currently does not have money to buy it now, then he/she starts saving money in the form of depositing money in their bank accounts. Mostly people save money because of the belief that keeping money in hand would lead to unnecessary spending of the money. So like a safe keeping of money they deposit in accounts and mostly a small percent of interest would also be received in return according to the amount invested.

The age group of youth is 15-25 years. The study focuses on which area do the youngsters mostly spend their money and details about how much money does they receive monthly compared to their spending. What kind of savings does youngsters invest in. The main reason behind the study is the youngsters spend more money their income and saving habit is declining. This study also identifies various factors which influence the spending and savings of students.

STATEMENT OF THE PROBLEM

The spending and saving habits of the youth have changing year by years. With the increase in standard of living the young have also been empowered with more money and have got more spending power. Youth has started to spend more money on entertainment and life style and look for new spheres of fashion and has become more brand conscious. The spending and saving habit of college student is a relevant topic in this current scenario because the income of the students as the income they receive are much lower as compared to the expenses made by them. It is important to study that how they will be able to manage their expenditure according to the income earned. This study is conducted to understand the various spending patterns of the youngsters.

OBJECTIVE

1. To identify the need for the investment/ saving habit among youngsters
2. To analyse the various modes of spending
3. To determine the mode of deposits preferred for investment
4. To identify whether youngsters spend or invest more

RESEARCH METHODOLOGY

Looking into requirements of the objectives of the study the research done will be Conducted by collecting information from youngsters prepared by creating Questionnaire and collecting the responses and some information have been collected from Secondary data like from internet etc.

SAMPLE SIZE

50 respondents were selected as samples by the way of preparing questionnaire.

Area of research:- Ernakulam district

LIMITATIONS

1. The study was conducted in a short span of time.
2. The respondents may or may not be loyal. So the data is not fully reliable.
3. As sampling method is used only a fraction of the entire population.

CHAPTERISATION

1. Introduction
2. Review of literature
3. Theoretical framework
4. Data analysis and interpretation
5. Findings, suggestions and conclusion
6. Bibliography

CHAPTER -2

REVIEW OF LITERATURE

1. **Harinarayan K.R (2021)1** "A Study on Spending and Saving Habit of College Students in irinjalakuda." The objective of the study is to find out the spending pattern of the students in Christ college irinjalakuda. This study is based on both primary and secondary data Primary data is collected from respondents through questionnaires and secondary data is collected from different websites, journals and from other articles. The Sample size of 50 respondents has been collected. The collected data is analysed using the percentage analysis . From this, the study concludes that the youngsters have savings but they spend more than they save and the youngsters are less aware about importance of saving.

2. **Kilic, M. (2021)** Social media and young adults' consumption behaviour: The case of Instagram and TikTok. Journal of Consumer Marketing, 38(2), 183-195. Technology and social media have also had a significant impact on youngsters' financial management. The proliferation of online banking, mobile payment systems, and investment apps has made it easier for youngsters to manage their money. However, research has also found that social media can influence youngsters' spending behaviour, with platforms like Instagram and TikTok promoting a culture of conspicuous consumption.

3. **Saumya Singh and Snehil Gupta (2020)2** "A study on Savings and Spending behaviour" Thus, this study has focused on determining the spending behaviour of 138 university students on Delhi & Mumbai using descriptive research design. The method of Questionnaire was used for data collection. The research used ANNOVA and T-TEST to analyse the difference between spending pattern of the entire three groups as well as gender. Thus, the study concludes that gender, being outstation or being based in the city were the key determinants that made the difference on spending behaviour.

4. **P. Jeevitha and R. Kanya Priya (2019)1** examined the saving and spending habit of college students with reference to Coimbatore city. The findings of study declared that maximum no. of students have spend more than saving but spending fields were different. The respondents regularly preferred saving bank account as their saving avenue.

5. **P.P. Ajeesh (2019**), in his research on the topic "A study on saving and spending habit of youth with reference to Thrissur district." He compares the spending and saving habit of youth. Convenience sampling method is used for this study. Around 100 samples are taken from Thrissur district. Ranking method, rating technique and correlation are used for this study

6. **Kavitha Chavali (2020)**, in her study on the topic "Saving and spending habits of youth in Sultanate of Oman" aims to investigate on the saving and spending habits of youth in Sultanate of Oman. The extend of peer influence, parental influence and financial literacy on the saving and spending habit of youth in Sultanate of Oman are investigated. The adopted method for this study is a survey designed based on collection of data through a structured questionnaire from randomly selected youth. Descriptive analysis and correlation results revealed that influence of peers and influence of parents and financial literacy of youth are significantly correlated with the saving and spending habit of youth.

7. **Jamal Mohmmed Ismail Alekam (2018**) The purpose of the study "The effect of family, peer, behaviour, saving and spending behaviour on financial literacy among young generations" is to assess the height of financial literacy amid the young generation of Malaysia. It helps in developing a unique representation of financial literacy among youngsters as assumed family, peer, attitude, saving and spending behaviour significantly influence financial literacy among younger generations. A sample of 500 respondents were selected and from it 410 answers from the respondents were received. The questionnaire consisted of 42 items. The results revealed a significant positive relationship between behaviour and financial literacy.

8. **Aynur Yumurtaci, Billal Bagis (2020)** in their study "University students' preferences about Savings and Investments at individual and national level in the 21st century: the case of Turkey" aims to capture the favoured both national and individual saving and investment perceptions of the Turkish youth. A questionnaire was applied to randomly selected 550 students in Turkey. The results were analysed be chi-square test. Students have mostly preferred that investments should be primarily made to the education sector at national level while investment made for social security system is placed on the last rank. Another important outcome is that students prefer to invest their individual savings in gold and real estate investments respectively

9. **JTC Bona (2018)** The purpose of the study "Factors affecting spending behaviour of college students" was to look at the factors affecting the spending behaviour 17 among college students of Surigao del Sur State University in Cantilan, the north most municipality in the province of Surigao del Sur, Philippines in terms of attitude, family background, lifestyle, and financial knowledge. After having studied the data, the researcher concluded that college students' spending behaviour are greatly influenced by their family background.

10. **Abhijeet Birari & Umesh Patil (2014)** The research conducted in Aurangabad city shows the total average spending per month made by junior, graduate and postgraduate students is rupees 2196, rupees 2652 and rupees 4920 respectively. There are significant differences in spending of junior, graduate and postgraduate students in 8 out of 11 spending categories. There are no gender wise significant differences in 7 out of 11 spending categories. Youth spend a large portion of their money on shopping, fast food, and mobiles

11. **Kanting Sechaba Thobejane, Olawale Fatoki (2017**) in his study on the topic "Budgeting and spending habits of university students in South Africa" was to identify any significance in gender difference on the budgeting and spending habits of university students. The findings of the study show that the majority of university students do not have a written budget. Majority of university students spend on groceries and fast food. Female students are more likely than male students to have a budget. Recommendations that could help improve the spending and budgeting habits among the university students are suggested.

12. **Samantha Villanueva (2017)** analysed the factor affecting spending and saving habits of college students which showcased the significant difference in spending pattern among both male and female whose income is received as pocket money from parents , grand parents and relatives. The study concluded student spend more money on expenses for fast food, transportation, movies and balance of pocket money at the end of month in saving for the purpose of future benefit.

13. **Folorunsho M Ajide (2015)**, in his study "The spending pattern among the youths in Lagos, Nigeria" the analysis showed that there were significant differences in the spending pattern among male and female youths and the major source of their income was considered to be pocket money which they receive from grand parents or family. It was also came into notice that there is a significant positive relationship existed between pocket money and the spending pattern. It was concluded that the youth spend most of their income towards fast food, movies, transportation in Nigeria.

14. **Dr. Rekha Atri (2012)** The study of Spending and saving habit of youth in special reference to the city of Indore . The youngsters at the age group of 14-30 years were studied. There is a radical difference observed in the spending behaviour of the youth of our country. The study concludes that there is a huge influence of peer groups in the youth below 19 years while making purchase decisions. A difference was also observed on the male and female purchasing behavior and their saving habits.

15. **Hasan et al, (2012)** it is noted that both the male and female youngsters have different spending patterns with a slight similarity. Thus, this paper is a healthy insight for the marketing professionals focusing their brand inventions for the youth as their target market.

16. **Katelin Carlson (2016)** in her study "Saving and spending habits of college students" looked at the financial behaviour of college students and recent alumni as it relates to economic theory and life cycle hypothesis. With student educational loans increasing highly and credit card debt becoming more of a reality , it is critical to understand what drives financial stability or instability after graduation. The pool of 230 participants was composed of 174 women and 56 men, representative of 8 years of graduating classes, 2009-2016, from Connecticut College.

17. **Subhani, et al. (2011)** The amount that is the budget of the young individual was ascertained by segregating the variables, which are basically the factors on which the young individual is spending his/her money. The most significant factors out of the lot were income, satisfaction, friends'information, advertisements information, entertainment and age of respondents.

18. **Abawag, et al. (2019)** College students face a lot of difficulty in maintaining and spending according to the budget maintained by them. A very little research has been conducted on this subject as a result of which the problem is still not identified. This study is conducted to observe the behavior of the university of Saint Louis Tuguegarao. Stratified random sampling was used to determine the 234 respondents who are taking Management Accounting, Financial Management and Marketing Management course. It can be concluded that sex, course, year level and ethnicity are determinants of the difference on spending behavior of management students while socioeconomic status was found insignificant when comparing the said behaviour. This research shows what the daily allowances of students from different countries are. The paper tells what the students are more likely to spend on including transportation, clothing, food, parties, etc. The main focus of the study was to determine the spending behaviour of management students as compared to other field students.

19. **Vhalery, et al. (2018)** The research paper classifies variables that become factors that influence allowance management. The population of the study are the college students from first year (term one) in Indraprasta University (UNINDRA) PGRI Jakarta. Samples in this study are 282 people that are taken randomly with sampling random technique. Data collection technique used is the questionnaire that is already validated by experts and field trial. Study questionnaire is divided into two types which are online through Google form and hardcopy (physique as the form) that is distributed manually. The result shows that factors which

influence allowance management is divided into 10 factors which are financial knowledge factor, financial motivation and desire factor, wisdom factor, socio-culture factor, individual status factor, individual attitude factor, family relation factor, individual friends' environment factor, and also family background factor. The paper however does not take into consideration the various spending habits of students like shopping, movies, dine outs etc. It does not give a clear picture that how much an average student spends monthly on what activity.

20. **Mathivanan & Mohanaranjini (2013)** conducted a research on Financial literacy of women also diverges among age groups in that the elder women tended more likely to have less financial literacy scores.

21. **Jones and Martin (1997)** Different households have different way of living and similarly different spending patterns. In the western culture, the young individuals are more independent at the age of 18 and start their earning and living separate than their parent's home and this is known as the transitional nature of the young individual

22. **OECD. (2017)** PISA 2015 Results (Volume IV): Students' Financial Literacy. OECD Publishing. One of the most critical factors influencing the financial management of youngsters is their financial literacy. A study by the Organization for Economic Cooperation and Development (OECD) found that the majority of youngsters lack the basic financial knowledge required to manage their money effectively (OECD, 2017). This lack of financial literacy can lead to poor financial decision-making, including taking on too much debt, failing to save for the future, and overspending.

23. **Fernandes, D., Lynch Jr, J. G., & Netemeyer, R. G. (2014)** Financial literacy, financial education, and downstream financial behaviours . Management Science, 60(8),1861-1883. Another key factor that affects the financial management of youngsters is parental influence. Studies have found that parental involvement in financial education and management can have a positive impact on youngsters' financial outcomes . For example, parents who encourage their children to save money and model good financial behaviour are more likely to have children who exhibit responsible financial behaviours.

24. **Carter, N. M., & Weber, E. U. (2010)** The influence of social norms on the behaviour of agents: A basic model. In The Oxford handbook of analytical sociology (pp. 367-390). Oxford University Press. Peer influence also plays a role in youngsters' financial management. Research has shown that social norms and peer pressure can affect youngsters' spending and saving

behaviour (Carter & Weber, 2010). Youngsters who have friends who prioritize saving and investment are more likely to engage in these behaviours themselves

25. **Nainggolan, (2021)** Financial management and financial planning can help people spend and save money wisely. With the worsening economic situation, financial planning and management should be emphasized before spending. The head of the family needs to plan and control the flow of money in expenses to avoid defects from aspects of the main needs in maqasid al-shari'ah. According to the WHO (World Health Organization), it is estimated that more than 800 thousand people die by suicide every year.

CHAPTER -3

THEORETICAL FRAMEWORK

Financial management is a crucial aspect of personal finance, and it is particularly important for young people to develop good financial habits early on in life. A theoretical framework for financial management of youngsters would take into account various factors that influence financial behaviour and decision-making, such as economic and social factors, cognitive and emotional factors, and individual and environmental factors.

Financial management is an essential life skill that every youngster should learn to manage their finances effectively. It is the process of planning, organizing, directing, and controlling financial activities to achieve personal financial goals. The financial management system for youngsters aims to provide them with the necessary knowledge, tools, and techniques to manage their finances and build a secure financial future. The personal financial management includes the amount of money earned by them , how do they spend it and the proportion of the savings that they keep aside for their future needs or of any purposes.

INCOME

Income refers to the process of earning money at a regular basis or by other means. The youngsters may receive income from limited sources . The source of income is an essential aspect of financial decision-making, especially for youngsters. Bank deposits are considered a safe and secure investment option, but the decision to deposit money in a bank depends on the source of income. Therefore, this theoretical framework aims to analyze the sources of income of youngsters and their relationship with bank deposits.

There are various sources of income for youngsters, such as:-

1. Pocket money
2. Part time job
3. Scholarship/grants
4. Self – employment
5. Others sources

The source of income influences the amount of money that can be saved and invested in bank deposits. For instance, employed individuals have a steady income stream, making it easier to save and invest in bank deposits. On the other hand, self-employed individuals have fluctuating income streams, which can affect their ability to save and invest in bank deposits.

Firstly, the pocket money or family support plays a major role in determining the income of the youngsters . Youngsters who receive financial support from their families tend to have more disposable income, which can be saved and invested in bank deposits.

Secondly , part time jobs provide a source of income to youngsters . Most of the youngsters are planning to earn money by coming out of their comfort space and start working after their study hours or their free times to earn some money on their own.

Thirdly, scholarship or grants refers to money provided by the governments etc. to help the studies of the students who studies well so that money can be saved for education and these are also a type of income for the students.

Fourth , self employment is a form of newly enabled works involved by the youngsters like creating products or small goods with their skills and selling it . For example :- tailoring of dresses by young girls , making of head bands and crunchy etc.

Other sources for earning income are investment on mutual funds and other investments scheme so that an amount will be given in return as an interest on deposit each month . It becomes a source of income for the youngsters.

SPENDINGS AND SAVINGS

The spending and saving habits of youth have changed over the years. Spending of youth is increasing day by day. They have income but their expenses are also increasing. According to the studies spending is greater than saving. This study aims at identifying the spending and saving patter of youth.

Youngsters commonly spend money for :-

- Fast food
- Shopping
- Transportation
- Mobile recharges

The youngsters spend more money on the fast foods , shopping, transportation, mobile recharges , purchase of branded products . Today's youngsters are mostly addicted to fast foods and spend more money in purchasing it , and the youngsters are obsessed with the concept of shopping as the trends change day by day they are attracted to the new trends and result in reckless shopping. Other spending's are done for transportation as most of the youngsters have

their own transportation facilities like bikes , scooters , cars etc. So that the fuel cost should be met by the youngsters .

There are certain factors that influence the spending habit of the youngsters:-

- Product advertisement
- Discount sale or promotion
- Current fashion
- Desire to purchase branded product

Product advertisement play a major role in attracting the minds of the youngsters and making an urge inside them to purchase the product. Discount sales is the next factor as most of the youngsters looks for discounts for purchasing their desired product as the original price may not be as the original price may not be met by the youngsters , so the discounted rates attracts more customers. Current fashion affects the youngsters as they are drawn to the new styles , dresses and looks , so they start imitating the new changes and spends more money for it. Desire to purchase branded products is another reason for the spending of youngsters as they mostly prefer the branded goods over other goods . Branded goods also help in increasing the status level of the youngsters.

Spending money is a fact of life –another fact of life, how you spend your money is just as important to your financial success as your decision to save. Work on better spending habits no matter what you spend freely on or like to buy, learning how to control spending is important.

Some suggestions for reducing over spending are :-

- Preferring homely fud over fast foods
- Reduce over spending on shopping
- Could use public transport some times by substituting private mode of transportation.

Youngsters may have developed their saving and spending habits by observing their parents, Friends, or other influential people in their lives. For example, if their parents were financially responsible and regularly deposited money in a bank account, they may have learned to do the same.

People save money to achieve specific financial goals, such as purchasing a house or saving for retirement. Youngsters may have different goals for saving money such as :-

- ➢ As a habit
- ➢ For Future need
- ➢ For higher studies
- ➢ Others

Most of the youngsters make savings as a part of their habit of saving money , some of them save money to meet their future needs and requirements. Some of them save money for their higher studies as to support themselves in the future. Other saving habit includes for the purchase of any desired products. For example :- for the purchase of any desired car etc.

As in the research savings as investment in bank deposits are taken

Bank deposit

A deposit refers to money or assets held at a bank for safekeeping . When a customer makes a deposit by place the money in the bank as per certain terms and regulations. The bank then holds the money of the customer under certain conditions for particular time. The major deposits are made to deposit accounts such as savings accounts, checking accounts, and money market accounts. The account holder has the right to withdraw deposited funds, as per agreed terms and conditions.
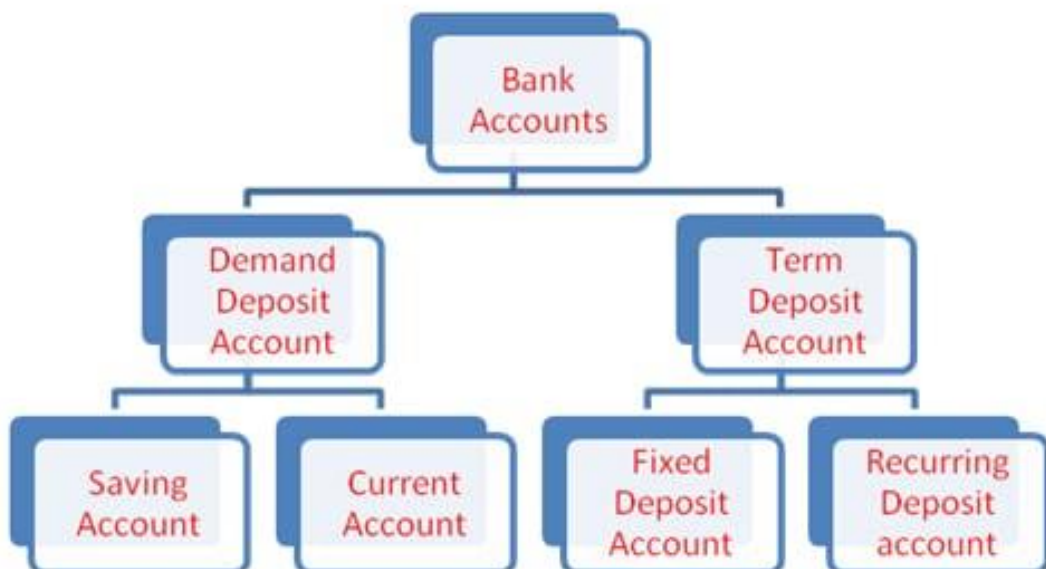
Bank deposits refers to money placed into banking institutions for protection. The deposit is a liability owed by the bank to the depositor. When someone opens a bank account and it becomes an asset of the bank. The bank account is always a liability to the bank. Bank deposits are considered either demand which means the bank is required to return your funds on demand or either time deposits which means banks ask for a specified time for accessing your fund.

Bank deposits are refers to that, one can use to hold an amount of money at a bank for a specified length of time. In return , the financial institution will pay the customer the an amount of Interest, based on how much they have deposited and for how much duration or how long. Once the agreed term has matured, the bank will return the amount deposited plus the interest amount as per the agreement. Bank deposits are considered as one of the safest savings products. There is a super specific structure, known as the deposit guarantee fund, which guarantee up to ₹ 100,000 for each account holder. Being a very safer banking product the bank deposits offer somewhat lower returns than what we might expect .

Bank deposits help to increase your money gradually by different levels of deposits. They teach the habit of saving money. Everyone can start with demand deposits money into a savings

account to earn interest and gradually create time deposits with the lump sum saved in your account. Deposits offer many benefits for customers who want to save money and invest money. The benefits of deposits last for long-term time, it means that they can enjoyed after certain duration. It can be understood that investment is also a long-term financial plan, so that the deposits have a similar way of working with investments.

Major Types of Bank Deposits and Accounts.

```
                        Bank
                      Accounts
            ┌────────────┴────────────┐
         Demand                     Term
         Deposit                   Deposit
         Account                   Account
       ┌────┴────┐              ┌────┴────┐
    Saving    Current        Fixed      Recurring
    Account   Account       Deposit      Deposit
                            Account      account
```

Demand deposits

Demand deposit accounts (DDAs) allow funds to be withdrawn at any time from the financial institution. Demand deposits provide funds for daily expenses and purchases. DDA pay very little or no interest. The types of demand deposits are saving account and current account.

1. **Savings Account** :

    A savings bank account is a regular deposit account that offers a certain minimum interest rate to the account holder. A savings account suits people with regular Income who want to save their money in an account. It is very simple to open an savings account in banks. There are some restrictions in terms and regulations of withdrawal and exchange or transactions to be done in a savings account. Here, the bank fixed a limit on the number of transactions allowed to the customer every month

2. **Current Deposit** :

    Current deposit means a form of demand deposit wherefrom withdrawals are allowed any number of times depending upon the balance in the account or up to a particular agreed amount.

These account is mainly deal by business persons.

Time deposits or term deposits

A time deposit or term deposit is a deposit in a financial institution with a specific maturity date or a period to maturity, it commonly referred to as its "term". It is an investment instrument in which a lump sum amount is deposited at an agreed rate of interest for a fixed period of time, ranging from 1 month to 5 years.

- **Recurring deposit**

  A special type of account where in you do not have to deposit a lump sum amount instead you have to deposit a fixed amount every month. This fixed amount can be as low as ₹100 every month.

- **Fixed Deposit**:
  The fixed deposit is a type of investment agreement offered by banks, other financial institutions, non-banking financial companies. With a fixed deposit, your money is deposited for a fix and you get particular amount as returns.

Need for starting a bank account for students

1. Free of cost
2. Requires low opening deposits
3. Start saving at adult period
4. Teach how to manage money
5. Stepping stone to a credit card
6. Ready to exert financial independence

Benefits of a Bank Account

1. **Bank accounts offer convenience**
   Bank account offer convenience by various way one of the among is checking account if you have It , then you can easily pay by check or through online bill pay. It's also cheaper than buying a money order and next is Automated Teller Machine (ATM) or debit card. It helps you to withdraw money easily or make payments at stores. A debit card is usually accepted for purchases various needs.

2. **Bank accounts are safe**
   The banks will protect your money from theft and fires. Plus, your money will be federally insured so if your bank or credit union closes, you will get your money back to you.

3. **It's An Easy Way To Save Money**
   Many banks offer an interest rate to their holders when they put money in a savings account for particular duration. The interest will help to increase money over time.

4. **Bank accounts are cheaper**

   Banks offer to their account holders free or low-cost services

   - Cash check
   - bill paying
   - Transferring/wiring money
   - cash Accessing

5. **Bank accounts can help you access credit**

   Banks and credit unions can help you access credit to acquire a home, a car, student or personal loan, because banks tend to do favours to existing customers.

Disadvantages of bank deposits

Three disadvantages are :

1. **Less profit** –

   Even though there is an interest amount is received It is smaller than the Investment amount.

2. **Depends on inflation** –

   Due to inflation the money value may changed when you withdraw.

3. **Tax Cost** –

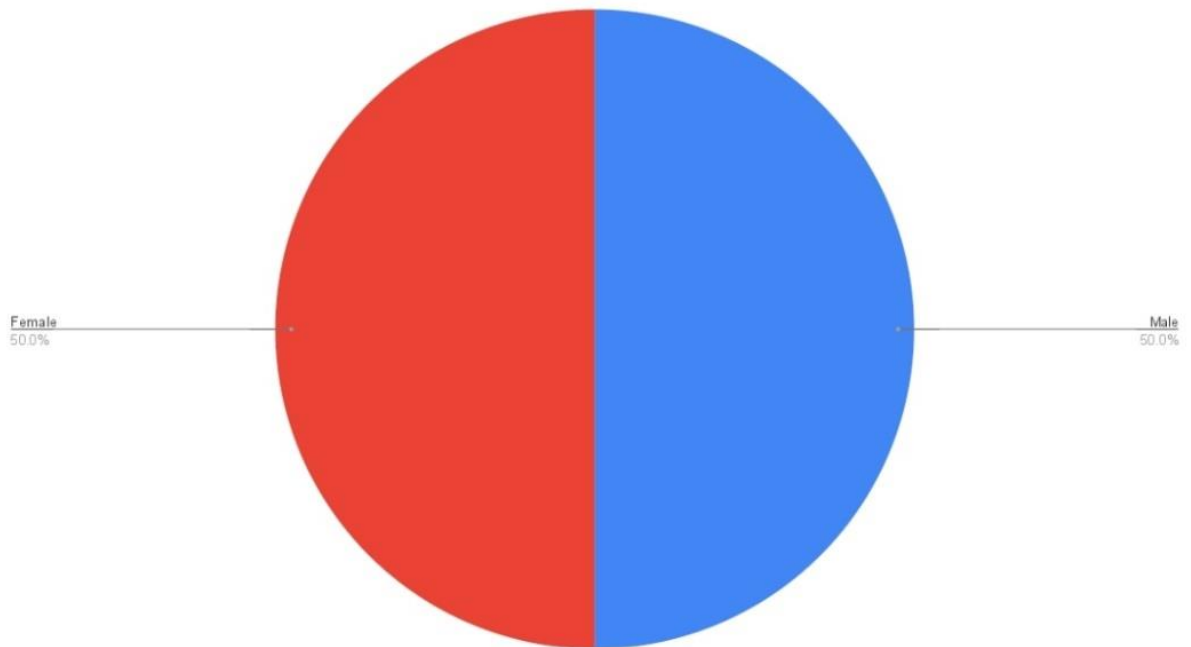   The amount of deposits are included in the tax cost so the cost of tax relatively high.

CHAPTER -4

DATA ANALYSIS AND INTERPRETATION

Table 4.1 – Gender classification

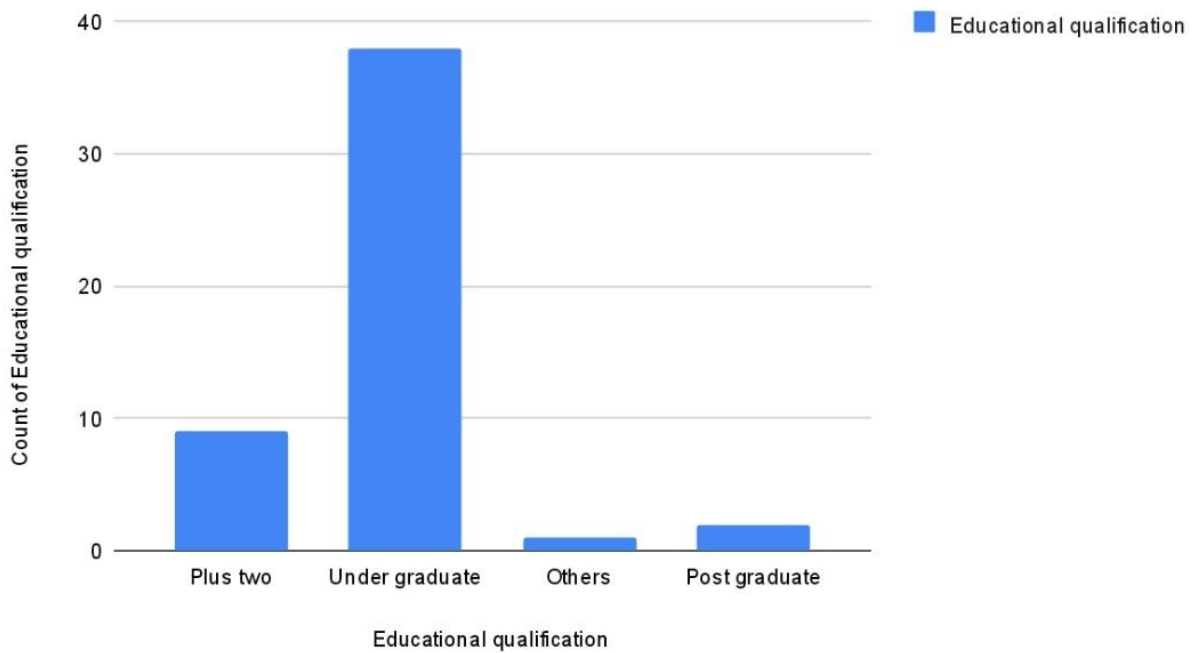| Particulars	No. of Youth	Percentage (%)
Male	25	50
Female	25	50
Others	-	-
Total	50	100

Gender classification

Interpretation

From the graph we can see that from the total of 50 responses 50% of them are female and 50% of them are male respondents. The collected responses consist of half of them are male and half of them are female , and no other genders are recorded.

Table 4.2 – Educational qualification

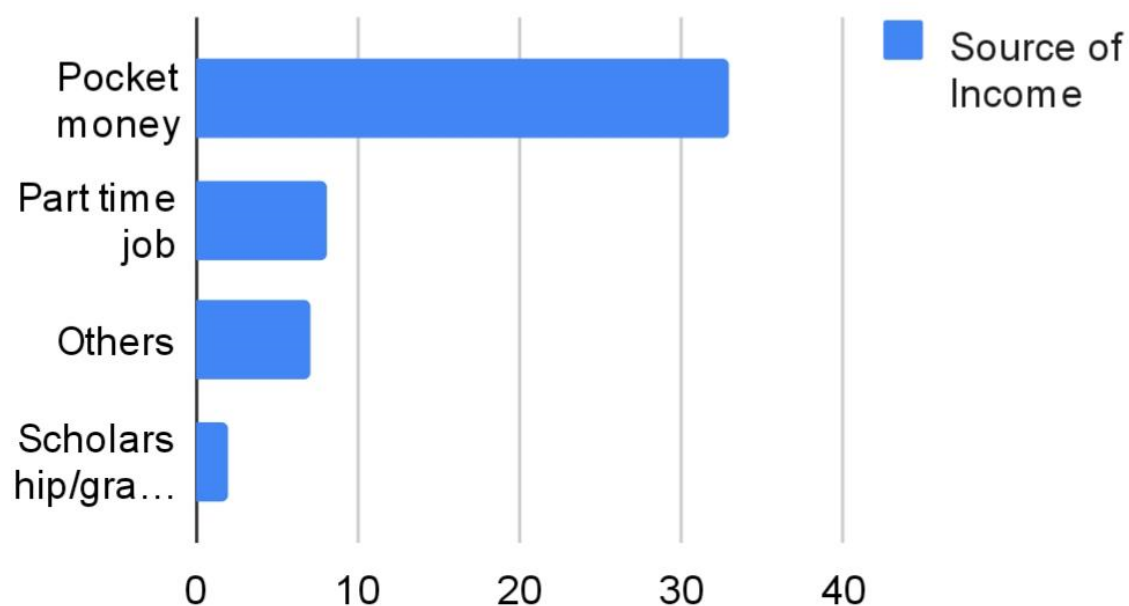| Particulars	No. of Youth	Percentage (%)
Plus Two	9	18
Under Graduate	38	76
Post Graduate	3	6
Others	-	-
Total	50	100

Count of Educational qualification

Interpretation

From the above given graph we can see that most of the respondents are the youngsters who are engaged in under graduation courses (76 %) , students studying in plus two (18 %) and students doing post-graduation courses (6 %) .

Table 4.3 – Source of Income

Particulars	No. of Youth	Percentage (%)
Pocket Money	33	66
Part Time Job	8	16
Scholarship and Grants	2	4
Others	7	14
Total	50	100

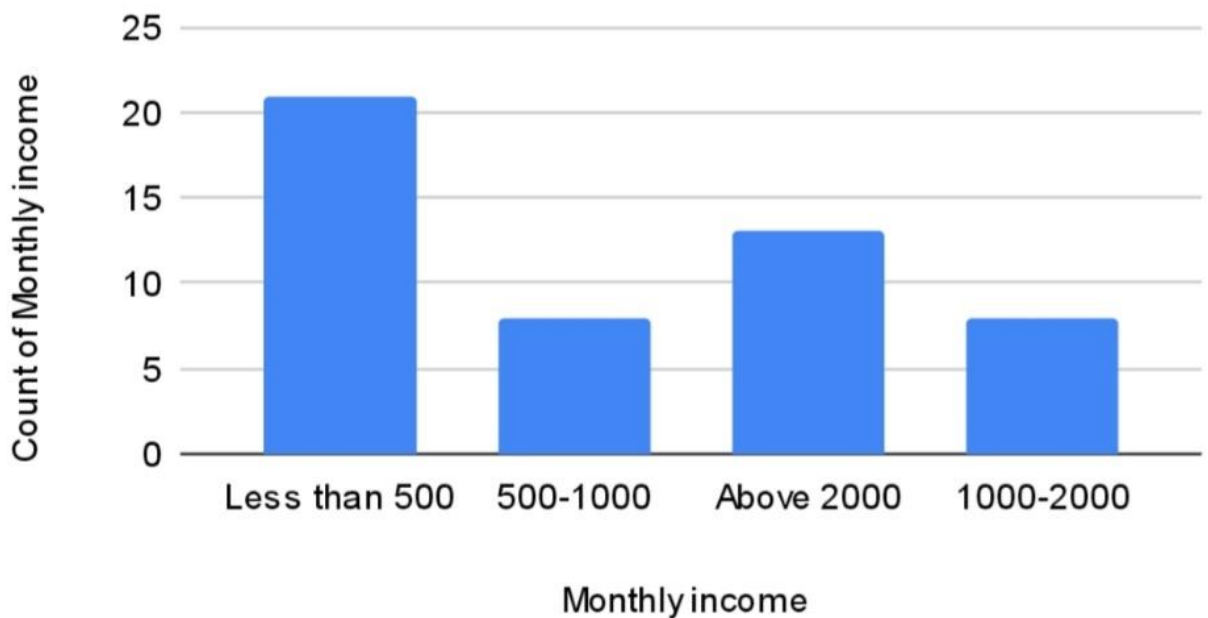## Interpretation

From the above graph we can see that most of the respondents earns money by the way of gathering their pocket money (66%) are received from family and relatives. Some respondents earn income by the way of doing part time jobs (16%) and other activities(14%) . Very few of them receive money from scholarship and grand's (4%).

Table 4.4 – Monthly income

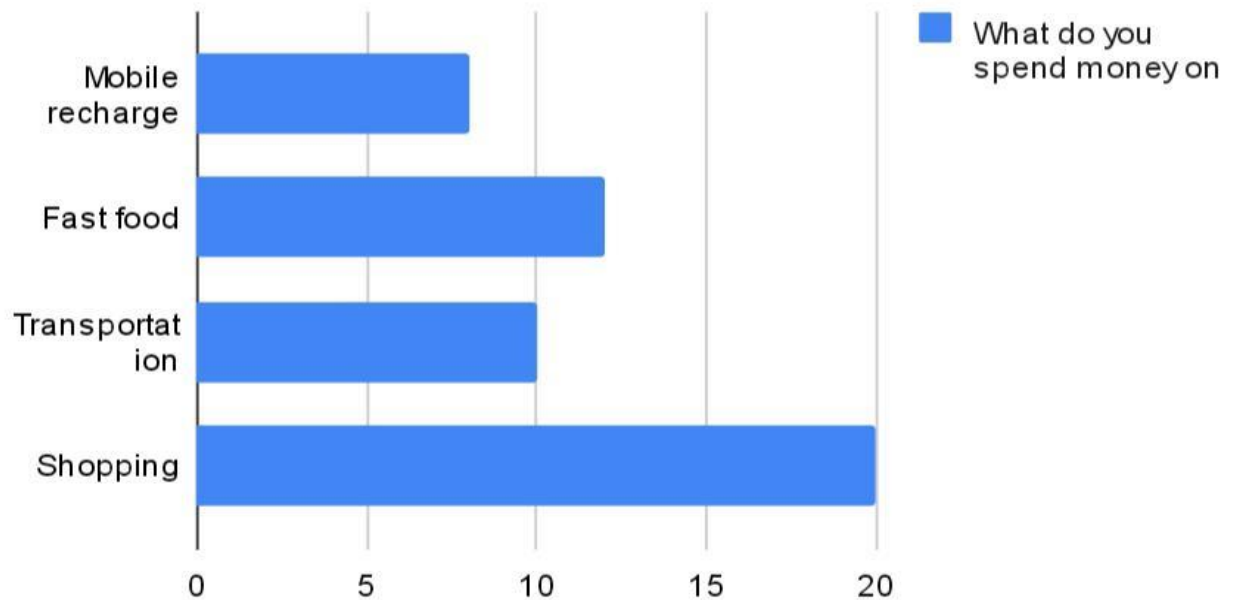| Particulars	No. of Youth	Percentage (%)
Less than 500	21	42
500 - 1000	8	16
1000 - 2000	8	16
Above 2000	13	26
Total	50	100

Monthly income

Interpretation

From the above chart we can see that most of the respondent receive less than 500 and most of them receive amount between 500 and 2000, and most of them receive an income above 2000.

Table 4.5 – Spending pattern

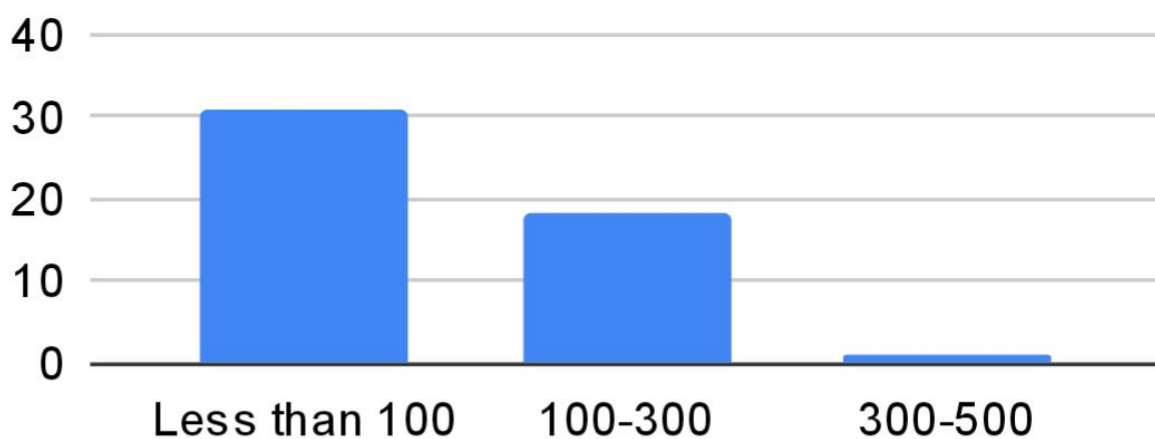| Particulars	No. of Youth	Percentage (%)
Mobile Recharge	8	16
Fast Food	12	24
Transportation	10	20
Shopping	20	40
Total	50	100

What do you spend money on

Interpretation

Most of the respondents spend their money on shopping goods, and on fast foods

Some others spends most of the money on transportation and on mobile recharges

Table 4.6 - Money spend daily

Particulars	No. of Youth	Percentage (%)
Less than 100	30	60
100 - 30	19	38
300 - 500	1	2
Total	50	100

Money spend daily

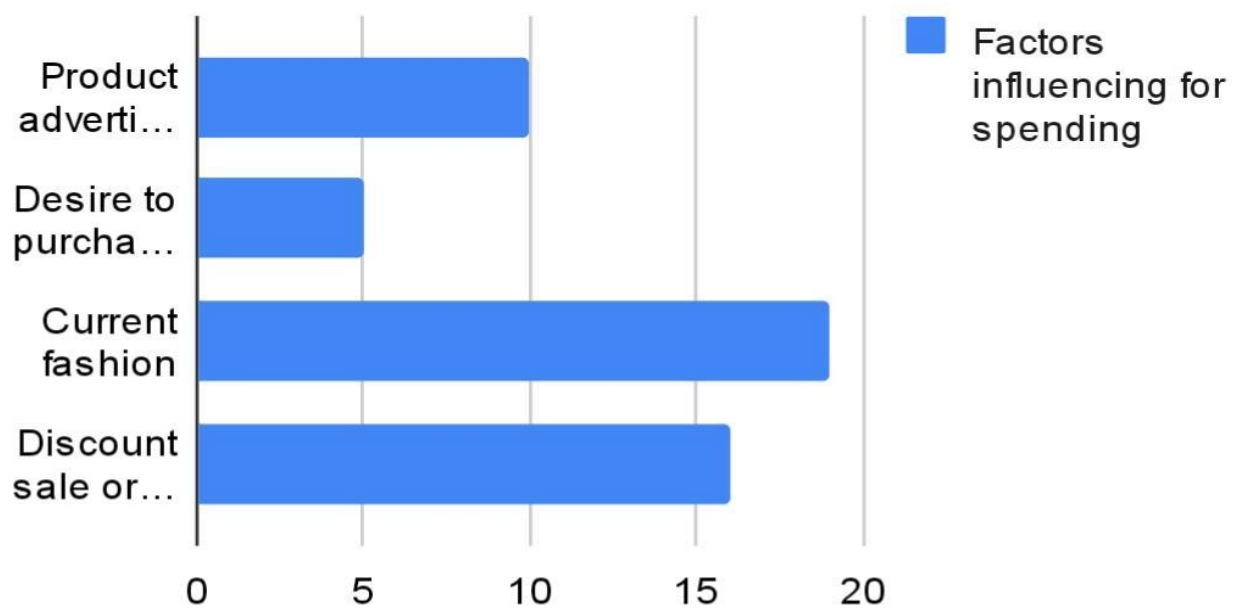How much money do you spend daily

Interpretation

Most of the respondents have a daily expenditure of less than 100 rupees; some of them have an expenditure of 100 to 200 rupees. None of them spend 300 to 500 rupees per day.
So we can see that most of them has less spending expenditure.

Table 4.7 - Factors influencing spending behaviour

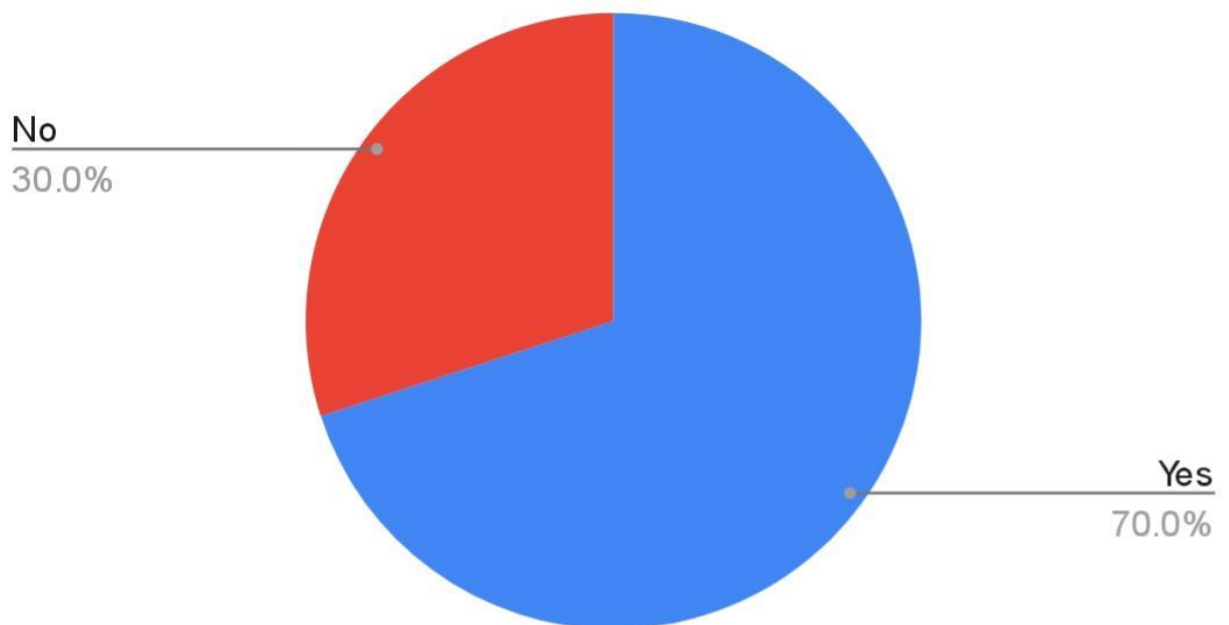| Particulars	No. of Youth	Percentage (%)
Product Advertisement	10	20
Desire to purchase branded products	5	10
Current Fashion	19	38
Discount Sale or Promotion	16	32
Total	50	100

Factors influencing for spending

Interpretation

Most of the respondents spend their money to cope up with the current fashion
and to keep updated with changing fashion. Other spend money by getting attracted to the
discount sales and other offers provided and some people my seeing products advertisement
and gets attracted to it and the desire to purchase any product.

Table 4.8 - Do you have saving / investment habit

Particulars	No. of Youth	Percentage (%)
Yes	35	70
No	15	30
Total	50	100

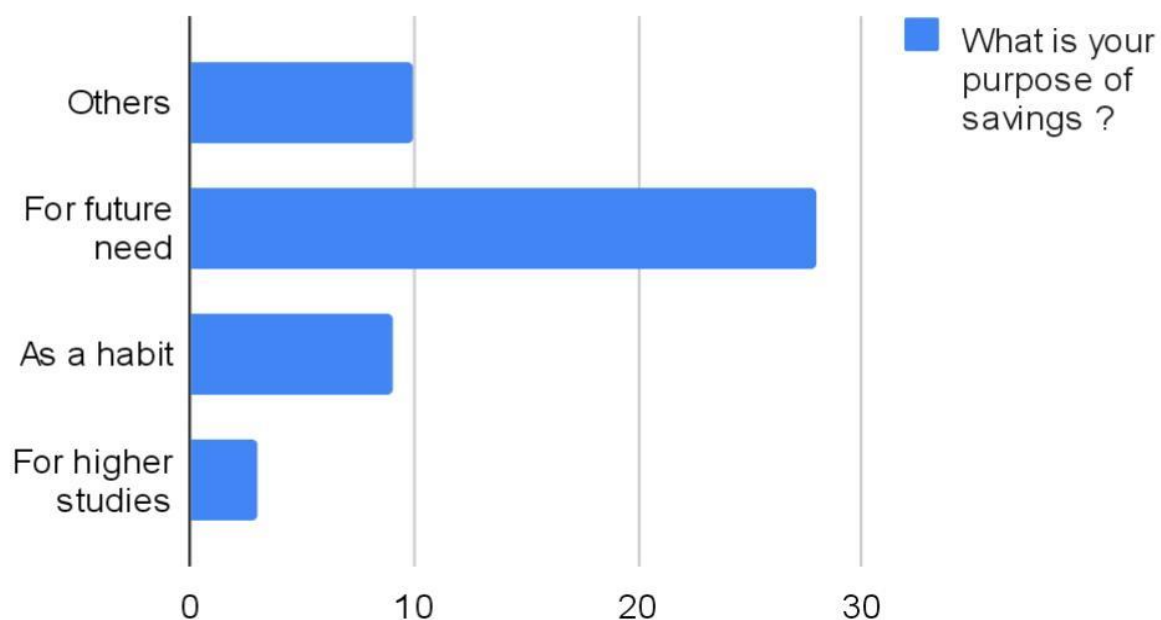Do you have saving / investment habit

No
30.0%

Yes
70.0%

Interpretation

From the above chart we can see that about 70 % of the respondents have a savings of investment habit. And 30 % of them do not have savings habit. So most of the youngsters have a saving habit so as to meet any future requirements or for their higher studies or to purchase any desired item which may be of high cost.

Table 4.9 - Purpose of spending

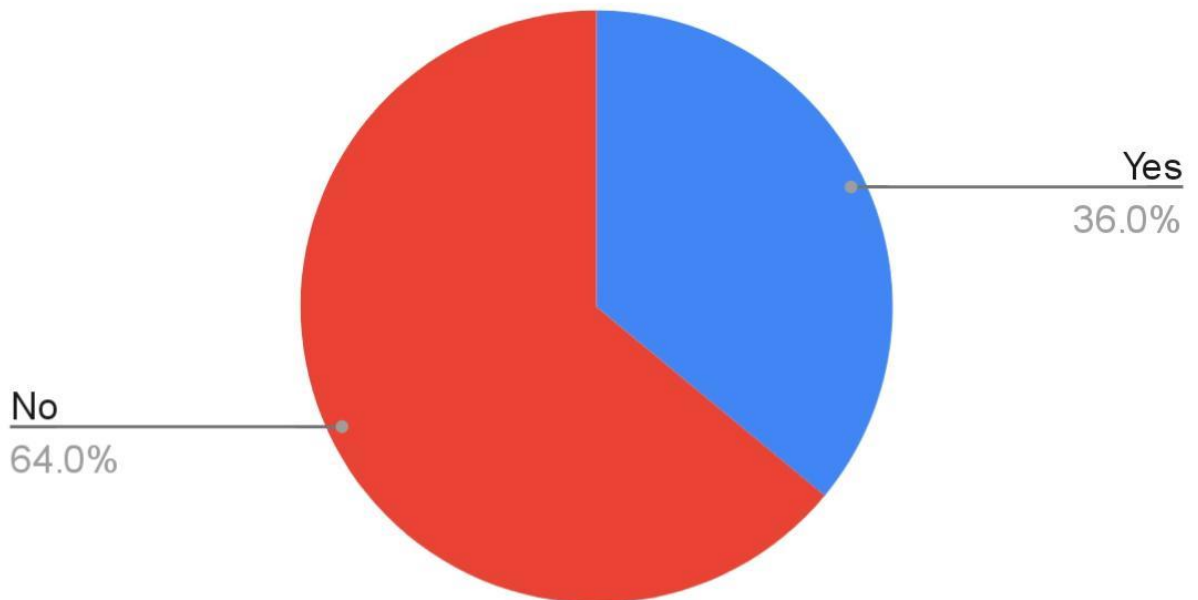| Particulars	No. of Youth	Percentage (%)
For future need	28	56
As a habit	9	18
For Higher Studies	3	6
Others	10	20
Total	50	100

purpose of savings

Interpretation

Most of the youngsters save money for their future requirements some save money as a part of their habit and other purposes. Some of them have savings to meet their future expenses for higher studies.

Table 4.10 - Savings / investment on a regular basis

Particulars	No. of Youth	Percentage (%)
Yes	18	36
No	32	64
Total	50	100

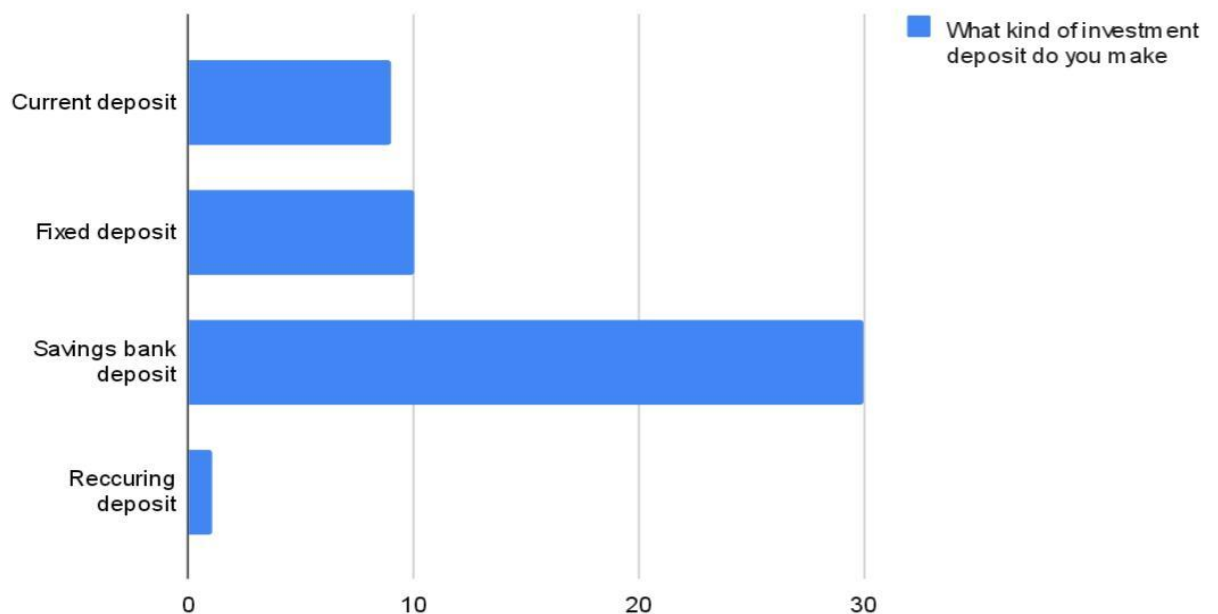savings / investment on a regular basis

Yes
36.0%

No
64.0%

Interpretation

From the above pie chart we can see that only 36 % of the respondents have a regular basis of savings habit and 64 % of the respondents do not save on a regular basis.

Table 4.11 - Type of investment deposit made

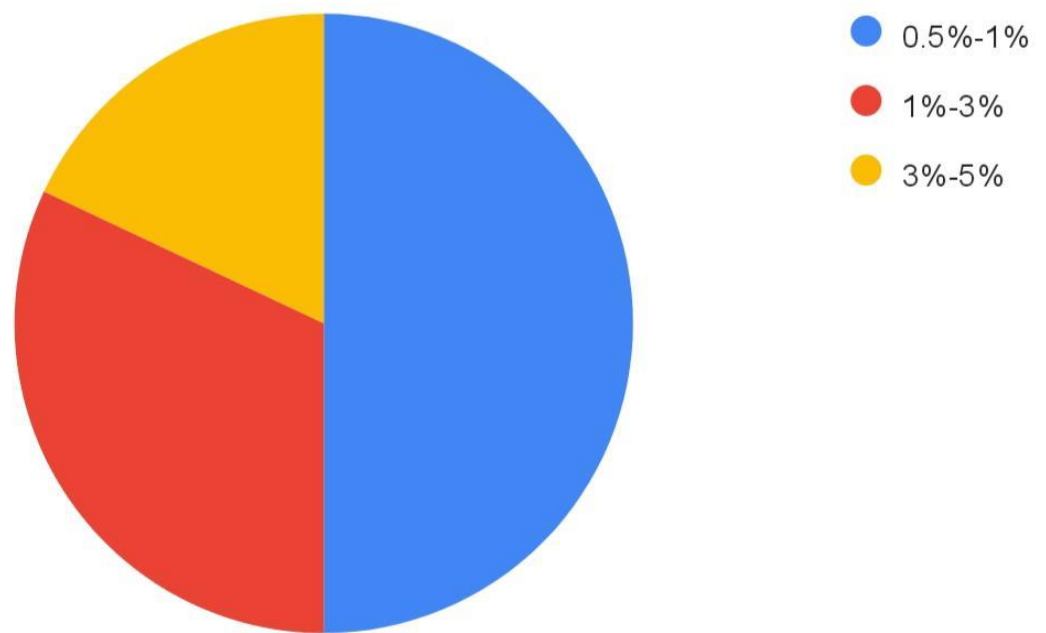| Particulars	No. of Youth	Percentage (%)
Current Deposit	9	18
Fixed Deposit	10	20
Savings Bank Deposit	30	60
Recurring Deposit	1	2
Total	50	100

Type of investment deposit made

Interpretation

From the above graph we can see that most of the respondents invest in savings bank account so as to meet their future requirements / needs. Some of them invest in fixed deposit for safe keeping money for some mentioned period of time and some deposits in current deposit for safekeeping money. Few invest in recurring deposit.

Table 4.12 - Interest received in return on investment made

Particulars	No. of Youth	Percentage (%)
0.5% - 1%	25	50
1% - 3%	16	32
3% - 5%	9	18
Total	50	100

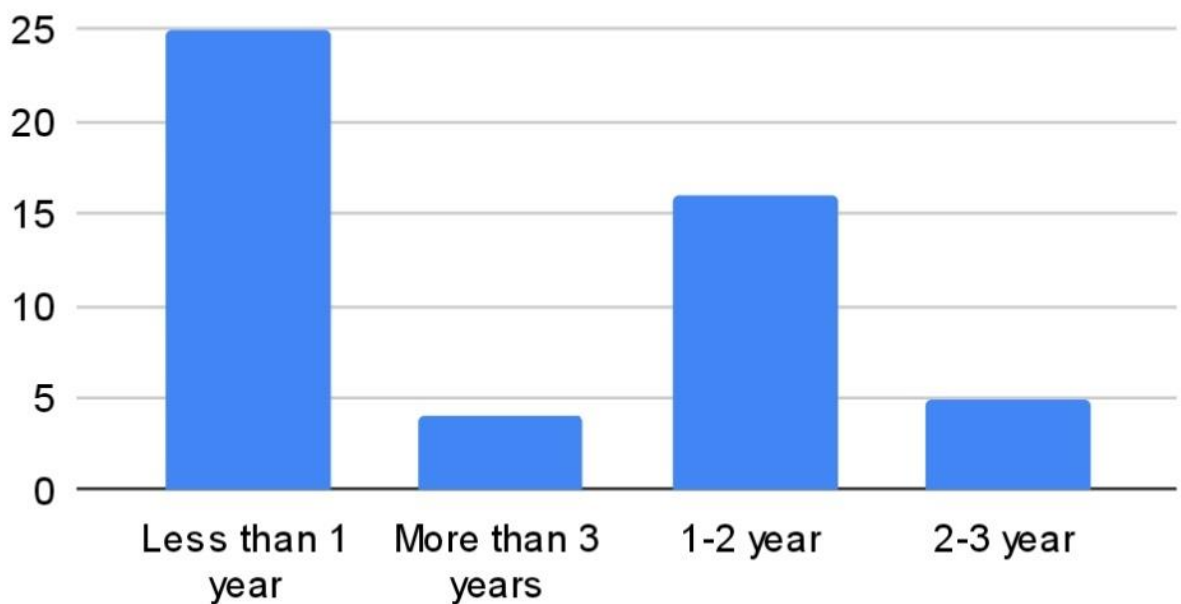Interest received in return on the investment made

Interpretation

The above pie chart we could see that about 50 % of the respondents receive an interest of 0.5 % to 1 % , and 32 % of the respondents receive an interest of 1%-3% , only 18 % of the respondents receive an interest of 3% - 5%. Most of the youngsters investment receive less interest, only a few of them receive high rate of return.

Table 4.13 - How long you have been started saving / investing for

Particulars	No. of Youth	Percentage (%)
Less than 1 year	25	50
1 – 2 years	16	32
2 – 3 years	5	10
More than 3 years	4	8
Total	50	100

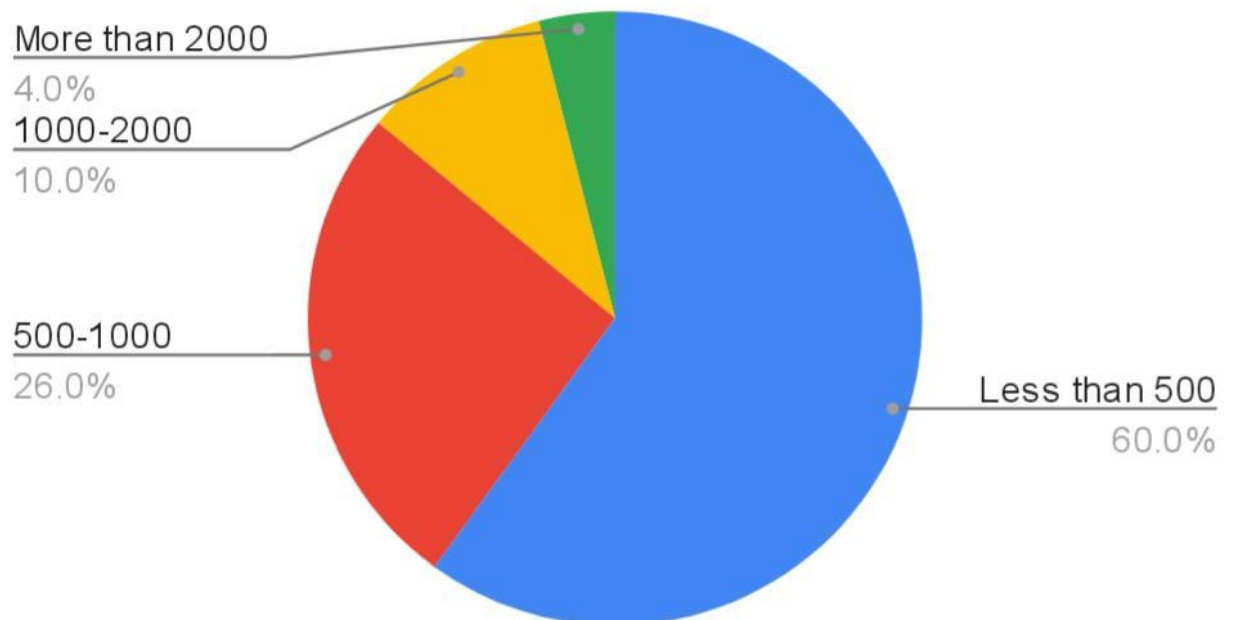How long you have been started saving / investme…

Interpretation

Most of the youngsters have started their investment or savings currently which means that of less than 1 year. Some of them have been investing for 1-2 years and some of the youngsters have been investing from 2 to more than 3 years.

Table 4.14 - Money saved per month

Particulars	No. of Youth	Percentage (%)
Less than 500	30	60
500 – 1000	13	26
1000 – 2000	5	10
More than 2000	2	4
Total	50	100

Money saved per month

More than 2000
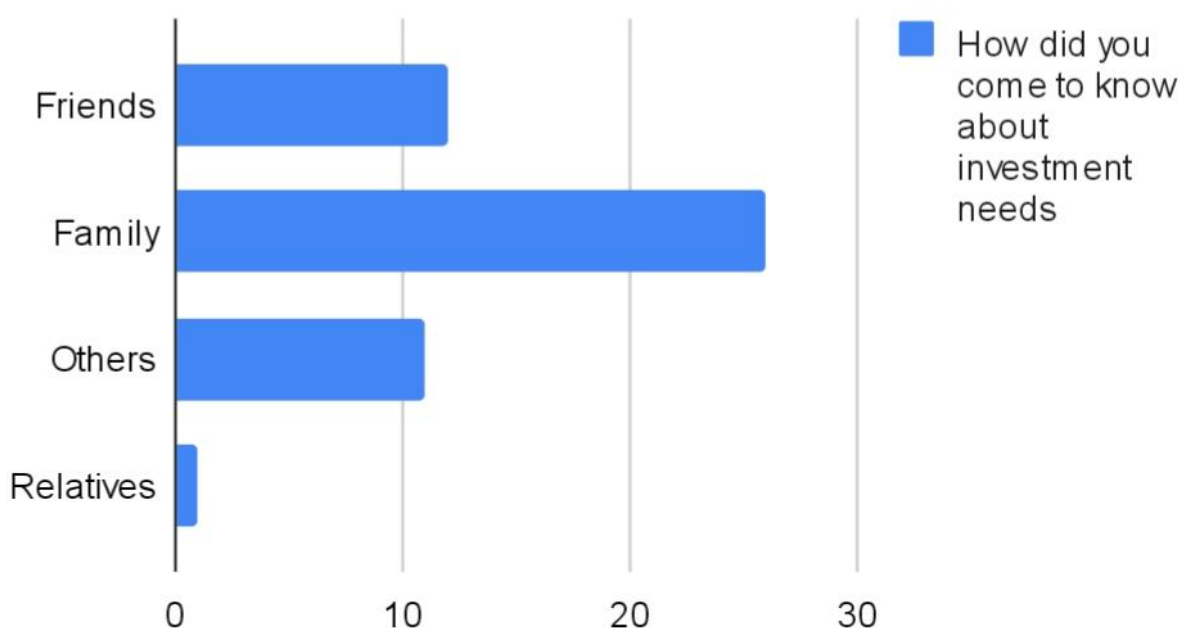4.0%
1000-2000
10.0%

500-1000
26.0%

Less than 500
60.0%

Interpretation

From the above chart we can see that about 60 % of the youngsters have a savings of less than 500 rupees, about 26% of them have savings of 500-1000 rupees and 10 % of them have a savings of 1000-2000 rupees. A few persons about 4% of the youngsters have a savings of more than 2000. Most of the youngsters have less investment status.

Table 4.15 - How did you come to know about the need of investment

Particulars	No. of Youth	Percentage (%)
Friends	12	24
Family	26	52
Relatives	1	2
Others	11	22
Total	50	100

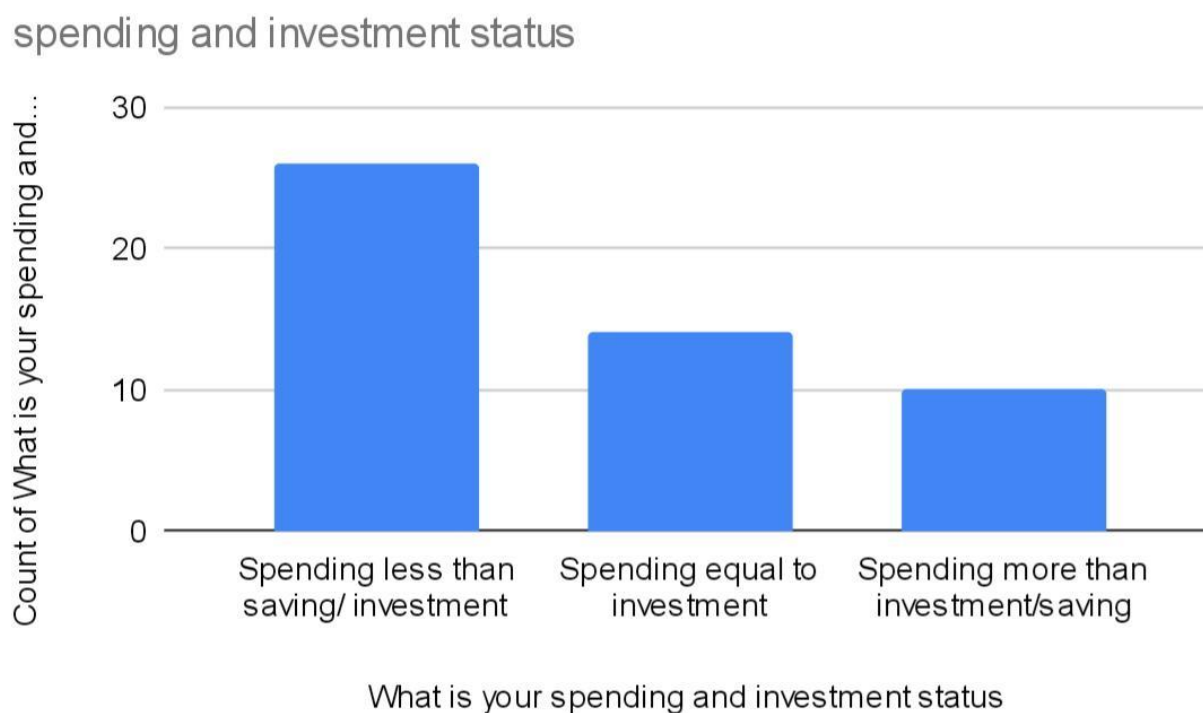How did you come to know about investment needs

Interpretation

Most of the youngsters came to know about the needs of the investment from their family members, and some of them from theirs friends and from other sources like advertisement etc and few came to know from their relatives.

Table 4.16 - Spending and investment status

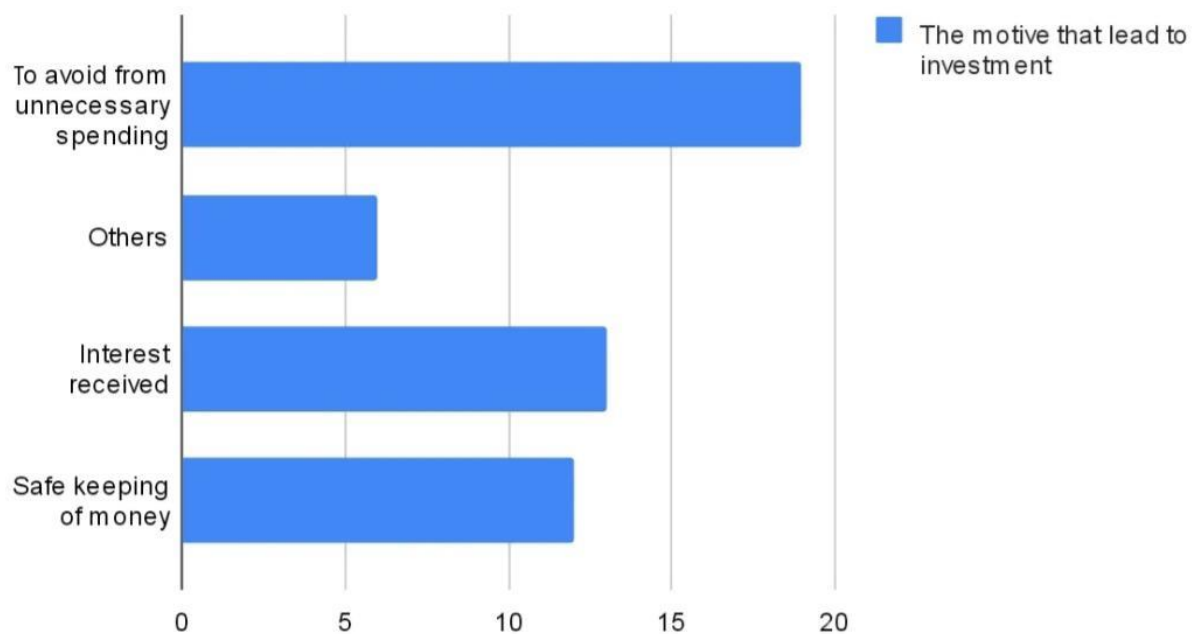| Particulars	No. of Youth	Percentage (%)
Spending less than saving/investment	26	52
Spending equal to saving/investment	14	28
Spending more than saving/investment	10	20
Total	50	100

spending and investment status

Interpretation

From the above data we can see that most of the youngsters spend less than their savings. Some of them have a nature of spending equal to the savings. Few of them spend more than the savings amount.

Table 4.17 - Motive for investment

Particulars	No. of Youth	Percentage (%)
To avoid unnecessary spending	19	38
Interest received	13	26
Safe keeping of money	12	24
Others	6	12
Total	50	100

Interpretation

From the above chart we can see that most of the youngsters save or invests money to avoid the unnecessary spending of money from their Hands. Some of them invest their money in the view of receiving interest for the deposit made and others for safe-keeping of money and for some other reasons.

CHI SQUARE ANALYSIS - 1

Table 4.18 - Table of Observed Values

Monthly Income / Daily Spending	Less than 500	500 - 1000	1000 -2000	Above 2000	Total
Less than 100	16	5	8	2	31
100 - 300	5	3	0	10	18
Above 300	0	0	0	1	1
Total	21	8	8	13	50

Null Hypothesis:- There is no relationship between monthly income and daily spending.

Alternative Hypothesis:- There is significant relationship between monthly income and daily spending.

Significance level = 0.05

Table 4.19 - Table of Expected Values

Monthly Income / Daily Spending	Less than 500	500 - 1000	1000 -2000	Above 2000
Less than 100	13.02	4.96	4.96	8.06
100 - 300	7.56	2.88	2.88	4.64
Above 300	0.42	0.16	0.16	0.26

Table 4.20 - Calculation of X^2

O	E	O - E	(O - E)^2	(O - E)^2/ E
16	13.02	2.98	8.8804	0.6820583717
5	4.96	0.04	0.0016	0.0003225806452
8	4.96	3.04	9.2416	1.863225806
2	8.06	-6.06	36.7236	4.556277916
5	7.56	-2.56	6.5536	0.8668783069
3	2.88	0.12	0.0144	0.005
0	2.88	-2.88	8.2944	2.88
10	4.64	5.36	28.7296	6.191724138
0	0.42	-0.42	0.1764	0.42
0	0.16	-0.16	0.0256	0.16
0	0.16	-0.16	0.0256	0.16
1	0.26	0.74	0.5476	2.106153846
				19.89164097

Degrees of freedom = (Columns-1) (Rows-1)

$$= (4-1) (3-1)$$

$$= 6$$

Degrees of freedom (df)	Significance level (α)							
	.99	.975	.95	.9	.1	.05	.025	.01
1	--------	0.001	0.004	0.016	2.706	3.841	5.024	6.635
2	0.020	0.051	0.103	0.211	4.605	5.991	7.378	9.210
3	0.115	0.216	0.352	0.584	6.251	7.815	9.348	11.345
4	0.297	0.484	0.711	1.064	7.779	9.488	11.143	13.277
5	0.554	0.831	1.145	1.610	9.236	11.070	12.833	15.086
6	0.872	1.237	1.635	2.204	10.645	12.592	14.449	16.812
7	1.239	1.690	2.167	2.833	12.017	14.067	16.013	18.475
8	1.646	2.180	2.733	3.490	13.362	15.507	17.535	20.090
9	2.088	2.700	3.325	4.168	14.684	16.919	19.023	21.666
10	2.558	3.247	3.940	4.865	15.987	18.307	20.483	23.209
11	3.053	3.816	4.575	5.578	17.275	19.675	21.920	24.725
12	3.571	4.404	5.226	6.304	18.549	21.026	23.337	26.217
13	4.107	5.009	5.892	7.042	19.812	22.362	24.736	27.688
14	4.660	5.629	6.571	7.790	21.064	23.685	26.119	29.141
15	5.229	6.262	7.261	8.547	22.307	24.996	27.488	30.578
16	5.812	6.908	7.962	9.312	23.542	26.296	28.845	32.000
17	6.408	7.564	8.672	10.085	24.769	27.587	30.191	33.409
18	7.015	8.231	9.390	10.865	25.989	28.869	31.526	34.805
19	7.633	8.907	10.117	11.651	27.204	30.144	32.852	36.191
20	8.260	9.591	10.851	12.443	28.412	31.410	34.170	37.566
21	8.897	10.283	11.591	13.240	29.615	32.671	35.479	38.932
22	9.542	10.982	12.338	14.041	30.813	33.924	36.781	40.289
23	10.196	11.689	13.091	14.848	32.007	35.172	38.076	41.638
24	10.856	12.401	13.848	15.659	33.196	36.415	39.364	42.980
25	11.524	13.120	14.611	16.473	34.382	37.652	40.646	44.314
26	12.198	13.844	15.379	17.292	35.563	38.885	41.923	45.642
27	12.879	14.573	16.151	18.114	36.741	40.113	43.195	46.963
28	13.565	15.308	16.928	18.939	37.916	41.337	44.461	48.278
29	14.256	16.047	17.708	19.768	39.087	42.557	45.722	49.588
30	14.953	16.791	18.493	20.599	40.256	43.773	46.979	50.892
40	22.164	24.433	26.509	29.051	51.805	55.758	59.342	63.691
50	29.707	32.357	34.764	37.689	63.167	67.505	71.420	76.154
60	37.485	40.482	43.188	46.459	74.397	79.082	83.298	88.379
70	45.442	48.758	51.739	55.329	85.527	90.531	95.023	100.425
80	53.540	57.153	60.391	64.278	96.578	101.879	106.629	112.329
100	61.754	65.647	69.126	73.291	107.565	113.145	118.136	124.116
1000	70.065	74.222	77.929	82.358	118.498	124.342	129.561	135.807

Significance level   =   0.05

X^2 Tabular   =   12.592

X^2 Calculated   =   19.891

Condition

If X^2 Tabular > X^2 Calculated, we accept the Null hypothesis.

If X^2 Calculated > X^2 Tabular, we reject the Null hypothesis and accept the Alternative
hypothesis.

Result

Since X^2 Calculated > X^2 Tabular, we reject the Null hypothesis and accept the Alternative
hypothesis.

It is noted from the table that the calculated chi-square value is greater than the table value and
the result is significant at 5% level. Hence the hypothesis "There is significant relationship
between monthly income and daily spending" hold good. It is found from the analysis, that
there is significant association between monthly income and daily spending.

CHI SQUARE ANALYSIS – 2

Table 4.21- Table of Observed Values

Monthly Income Age	Less than 500	500 - 1000	1000 -2000	Above 2000	Total
18-20	6	5	4	9	24
21-23	14	3	3	4	24
23-24	1	0	1	0	2
Total	21	8	8	13	50

Null Hypothesis:- There is no relationship between age and monthly income.

Alternative Hypothesis:- There is significant relationship between age and monthly income.

Significance level = 0.05

Table 4.19 - Table of Expected Values

Monthly Income / Age	Less than 500	500 - 1000	1000 -2000	Above 2000
18-20	10.8	3.84	3.84	6.24
21-23	10.8	3.84	3.84	6.24
23-24	0.84	0.32	0.32	0.52

Table 4.20 - Calculation of X^2

O	E	O - E	(O - E)2	(O - E)2/ E
6	10.8	-4.8	23.04	2.133333333
5	3.84	1.16	1.3456	0.3504166667
4	3.84	0.16	0.0256	0.006666666667
9	6.24	2.76	7.6176	1.220769231
14	10.8	3.2	10.24	0.9481481481
3	3.84	-0.84	0.7056	0.18375
3	3.84	-0.84	0.7056	0.18375
4	6.24	-2.24	5.0176	0.8041025641
1	0.84	0.16	0.0256	0.03047619048
0	0.32	-0.32	0.1024	0.32
1	0.32	0.68	0.4624	1.445
0	0.52	-0.52	0.2704	0.52
				8.1464128

Degrees of freedom = (Columns-1) (Rows-1)

$$= (4\text{-}1) \, (3\text{-}1)$$

$$= 6$$

Significance level   = 0.05

X^2 Tabular   = 12.592

X^2 Calculated   = 8.146

Condition

If X^2 Tabular > X^2 Calculated, we accept the Null hypothesis.
If X^2 Calculated > X^2 Tabular, we reject the Null hypothesis and accept the Alternative hypothesis.

Result

Since If X^2 Tabular > X^2 Calculated, we accept the Null hypothesis.
It is noted from the table that the calculated chi-square value is less than the table value and the result is not significant at 5% level. Hence the hypothesis "There is no relationship between age and monthly income" hold good. It is found from the analysis, that there is no significant association between age and monthly income.

CHAPTER -5

FINDINGS, SUGGESTIONS AND CONCLUSION

FINDINGS

- Most of the youngsters do not have income by own.
- Parent's money is the main source of income .
- Half of youngsters receives income less than ₹ 500.
- For majority of the youngsters, monthly spending is between₹ 500 and 2000.
- For most of the youngsters, spending habits are fluctuating rather than increasing or decreasing.
- Most of the youngsters responded neutral for their attractiveness towards the advertisement to buy Products.
- Majority of the youngsters avenue of spending is for shopping, fast food, mobile recharge travelling.
- More than half of youngsters have saving habit.
- It is by the family majority of the youngsters are encouraged to maintain their own saving habit.
- Majority of youngsters save their money for the purpose of shopping.
- The spending and saving status of majority of youngsters show that their spending is greater than Saving.
- Most of the youngsters save money for future.
- Only 70% youngsters have deposits
- Majority of youngsters spends money less than 100 on daily basis.
- Youngsters mainly deposit money for avoid unnecessary spending.

SUGGESTIONS

- ❖ It is better to cultivate the habit of depositing in bank for future.
- ❖ Students can re-invest their savings into productive channels .
- ❖ Students can consult their parents for budgeting before spend and invest.
- ❖ Students can avoid unnecessary spending habit.

CONCLUSION

The study was conducted to know the personal finance management of the youngsters with special reference to Ernakulum district . It helps to understand about the spending and saving habits of young generation and also help to understand how the save for future purposes then we can understand about the spending pattern of youngsters. It helps to identify various factors affecting the spending and saving of youngsters . It was found that most of the youngsters spent more than they save but their Spending avenues are different. Most of them have savings and they know about The importance of savings. From the project data we can conclude that most of the youngsters spend money by following resent trends. Among them very few youngsters considers the future needs and wants and they Deposits money in bank and they were use the money productively. financial management is an essential life skill that is critical for youngsters to develop. It highlights the importance of financial literacy, parental influence, peer pressure, and technology in shaping youngsters' financial behaviours. To promote responsible financial management among youngsters, educators, parents, and policymakers must work together to provide financial education and create an environment that encourages good financial habits.

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QUESTIONAIRE

Dear respondent,

We are final year B.com students of Bharat Mata College , Thrikkakara for collecting data for our project " A STUDY ON PERSONAL FINANCE MANAGEMENT SYSTEM AMONG YOUNGSTERS WITH SPECIAL REFERENCE TO ERNAKULAM DISTRICT " we request you to fill up the form . The data collected will be used only for the academic purposes.

1. Name ……………………

2. Age :-

- 15-17
- 18-20
- 21-23
- 23 Above

3. Gender :-

    - Male
    - Female
    - Others

4. Educational qualification

    - Plus two
    - Under graduate
    - Post graduate
    - Others

5. Sources of income

   - Pocket money
   - Scholarship/grants
   - Part time job
   - Others

6. Monthly income?

   - Less than 500
   - 500-1000
   - 1000-2000
   - Above 2000

7. What do you spend money for

   - Fast food
   - Shopping
   - Transportation
   - Mobile recharge

8. How much money do you spend daily

   - Less than 100
   - 100-300
   - 300-500
   - Above 500

9. Factors influencing for spending

   - Product advertisement
   - Discount sale or promotion
   - Current fashion
   - Desire to purchase branded product

10. Do you have a saving/ investment habit

- Yes
- No

11. What is your purpose of savings?

- As a habit
- For Future need
- For higher studies
- Others

12. Do you save / invest on a regular basis

- Yes
- No

13. What kind of investment deposit does you make

- Fixed deposit
- Savings bank deposit
- Recurring deposit
- Current deposit

14. In your opinion what would be the good investment decision

Ans.) ……………………………………………………

15. How much interest do you receive in return on investment
- 0.5 % - 1%
- 1 % - 3 %
- 3 % - 5 %

16. How long you have been started savings / investment for:-

- Less than 1 year
- 1-2 years
- 2-3 years
- More than 3 years

17. Money saved per month

- Less than 500
- 500-1000
- 1000-2000
- More than 2000

18. How did you come to know about investment needs

- Family
- Friends
- Relatives
- Others

19. What is your spending and investment status?

- Spending less than saving /investment
- Spending equal to investment
- Spending more than investment/ saving

20. The motive that lead to investment

- Interest received
- Safe keeping of money
- To avoid from un necessary spending
- Others

21. Mention some strategies to avoid unnecessary spending

   Ans) ………………………………………………….