A Study on Behaviour of Youth with Respect to Spending Money in Bangalore

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Abstract

Apart from taking care of their personal and other entertainment expenses, the primary purpose of earning by women is to save for future security or unpredictable future contingencies. The factors that affect Indian women, to a large extent, is the family decisions, and only few take self-decisions. As women are emerging as the main workforce in the country and contribute significantly towards social and economic development of the country, it is very much necessary to have a study on understanding the investment behaviour of women and also how their behavior is affected by their perception of savings and how they consider various investment avenues before making investment. India is a developing nation with a middle class that has become more financially stable over time. As adults' spending power has grown, even children have become free-hand spenders and sometimes spendthrifts. The question of why, where, and how youth spend and save is addressed in this paper. The young people referred to here are between the ages of 15 and 25.The purchasing habits are also changing as a result of the expanding economy. The segment of society that is immortalized in advertisements is between the ages of 15 and 25.In contrast, this youth in India is not depicted as financially and emotionally secure in the West. The spending habits of our nation's youth are vastly different from one another. The purpose of this paper is to investigate the spending and saving habits of young people in Bangalore.

INTRODUCTION

Bangalore is a city that is loved by the youth throughout our country. Saving simply means to keep aside some amount of money, from your regular income, for future expenses or investment or unexpected contingencies. This saved money can be used at the time of emergency. In other words, saving is that amount of money that is left, after spending. Saving can also be defined as some portion from the income that is kept aside in the form of bank deposits, investment funds, etc. to fulfil any future financial needs. Saving is the primary step for achieving a better life.

Saving reduces expenditure. In economics, the contrast between income and consumption, leads to saving, symbolically:

$S = Y - C$

S = Saving, Y = Income, C = Consumption.

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Saving is not only important for the individuals but also for an economy. This saving leads to future investment, leading to increased employment, individuals' salary and improving the way of life of the majority. Investment leads to growth and development of an economy. Thus, Saving→ Investment → Growth. In short, saving generates growth indirectly.

Importance of Saving

1. Saving not only fulfils your present needs but also helps to achieve important future goals such as education, house etc. Thus, saving helps to meet future demands.
2. Saving helps economic growth. Saving, in banks, leads to investment and investment leads to growth and development of an economy
3. Saving helps to prepare for any kind of financial emergency. It helps to lead a happy and financially secured life.
4. Saving reduces wasteful expenditure
5. Saving, in intellectual ways, may lead to a better and happier life
6. Saving in the form of investment, will help to earn huge profit. Thus, saving helps to increase the source of income.
7. Present saving, invested in pension schemes, will result in a better retirement life.
8. Saving will help to attend good financial status in the society

Saving makes individual financially independentAlmost a quarter of Bangalore's population is youth. Youth have become more brand-conscious as a result of their excessive exposure to company marketing and communication efforts, and they also spend a significant portion of their income on electronics and entertainment. With continuous inflation and innovative ideas making huge unicorns in the silicon valley of India, We tend to find how our youth spend and save money. There are number of ways one can save or invest today.

OBJECTIVES OF THE STUDY

1.   To focus on various financial aspects revolving around individual's savings and investments.

2.   To identify the various criteria based on which individuals plan out their long term investments.

3.   To study the associate between demographic profile and reason of saving

4.   To identify the financial objectivity and to study the spending behaviour

LIMITATION OF THE STUDY

1)   The study may be applicable only in Bangalore City.

2)   The sample size undertaken for the study i.e. 80 respondents cannot be concluded as the perception of the general investor's financial planning.

3)   The survey has been conducted only among 100 respondents and is restricted among The study is restricted to the age group 15-25

4)   The study's duration is limited, thus it may not be able to cover the complete scope.

5)   The age limit of the respondents may not be the most crucial factors to be considered while undertaking a study on long term financial planning

6)   The research applies to 2021-2022, and data were obtained among different profession in Bangalore city therefore, the results may change in the future.

Nature of the study

▶   The research has been done mainly through the collection of primary data.

▶   The collection of data was done by conducting a survey of 80 people through Google forms to understand their awareness on saving and investment among the youth between age group of 15 to 25 years.

▶   The people of age18 to 25 and above were our target audience, who are aware about the importance of saving and investment.

REVIEW OF LITERATURE:

1)   **SEBI – NCAER (2000) study** found that households' investment in Shares and Debentures and in Mutual Funds ranges from 7% to 9%. Majority of the equity investor's household's portfolio was found to be undiversified and relatively small value of less than Rs. 25,000.

2)   **Dr. Aparna Samudra and Dr. M A Burghate,** International Journal of Social sciences and Interdisciplinary Research Vol I, No. 5, May 2012, The aim of this research was to examine the investment behaviour of the middle income households in Nagpur   The plausible reason for these two being the top two preferences of the middle class households is the relative security in built in these instruments and these being traditional saving instruments of investment.

3   **Investor Population – the Society for Capital Market Research and Development** carries periodical surveys of household investors to estimate the number of investors. Their first survey carried out in 1990 estimated the number of shareholder between 90 – 100 lakh.

4   **International Journal of Research in Commerce and Management (Volume III (2012), Issue No: 5 (May)** – 'Study of Investment Pattern and Investment Preferences of Individual Households in India' – This study examines the investment pattern and awareness of Indian investors about different investment instruments such as bank deposits, real estate, small savings, life insurance schemes, bullion, commercial deposits, corporate security bonds, mutual funds, equity, and preference shares. This research finds the impact of age, education, occupation, and income level of the individual on investment.

5   **N Geetha & M Ramesh –**- The study examines the significance of relationship between demographic factors and the investment decision making process. It concludes that there is no significant relationship between demographic and other factors that influence the investment decision making process.

RESEARCH METHODOLOGY

A total of 80 people between the ages of 15 and25 participated in the study, which was carried out in the city of Bangalore. The responses were collected by circulating Google forms via social media. Tools used for data analysis **are** Percentage analysis and Chi- square test.

DATA ANALYSIS AND INTERPRETATION

Data analysis and interpretation

The financial profile of respondents was studied, to know about the Demographic profile of respondent with respect to their age, gender, average income earn their behavior on selecting an investment avenue and the amount invested. Saving habit and hence the Researcher had studied the proportion of their total income, for saving and the same is displayed in the **Table 1.**

Table 1 Demographic Profile

DEMOGRAPHIC PROFILE		Frequency	Percentage	Cumulative Perception
Age	**18-20**	**50**	**63**	**63**
	21-25	**30**	**37**	**100**
	Total	**80**	**100**	
Gender	**Male**	**51**	**64**	**64**
	Female	**29**	**36**	**100**

	Total	80	100	
Family	Joint Family	45	56	56
	Nuclear	35	44	100
	Total	80	100	
Qualification	PUC	14	18	18
	UG	38	49	67
	PG	16	19	86
	DIPLOMA	12	14	100
	Total	80	100	
AVERAGE INCOME PER MONTH	LESS THAN 10000	33	41	41
	10000-20000	14	18	59
	20000-30000	8	10	69
	30000-40000	13	16	85
	Above 40000	12	15	100
	Total	80	100	
SOURCES OF Income	Salary	17	21	21
	Internship	35	44	65
	Freelences	8	10	75
	Parents	14	18	93
	Others	6	7	100
		80	100	
Percentage of Income Invested	Less than 10%	23	29	29
	10-20%	22	28	57
	20-30%	14	18	75
	30-40%	13	16	91
	Above 40	8	9	100
		80	100	

- **Analysis;** From the above table it can be interpreted that 63% are of the age group of 18-20 years and 38% are of the age group of 21-25, it can be interpreted that 64% of the respondents are males and 36% are female.56% of the respondents are from a joint family and 44% are from a nuclear family. 49% of the respondents are UG qualified, 20% are PG qualified, 16.25% are PUC qualified and 15% are Diploma Qualified.

41% have a monthly income of less than Rs10000, 18% have a monthly income of between 10000-20000, 10% have a monthly income of between 20000-30000, 16% have a monthly income of between 30000-40000 and 15% have a monthly income of 40000 and above. 44% earn via internships, 21% via Salary of their job, 18% via Parents, 10% via Freelancing and 8% via Other Activities. 34% invest 10-20%, 26% invest less than 10%, 18% invest 30-40%, 14% invest 40-50% and 9% invest more than 50% of their income.

- **Table 2 - Descriptive Statistics of Perception of Factors influencing saving**
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Factors influencing saving	Rank
To Reduce Risk point in future	1
For consistency in return	2
To overcome problem of liquidity	3
Because of simplicity of procedure	4
To reduce tax	5
On basis of Investment information Available	6
Because comfortable service is provided by Investments Agents	7

It is evident from the above table the foremost influencing factor of saving was to reduce risk in future, with an average level of agreement at 4.093. To reduce risk was the main factor that influenced savings, have been ranked as 1 among all other factors. It implied that the women respondents were concerned about future uncertainty and that was the main reason which induced saving. The second-ranked factor, influencing saving, was 'Consistency in return' with an average level of agreement at 3.860. This implied that the respondents did not want to take risk but wanted consistent return. The respondents had expressed the least level of agreement with the statement, 'Comfortable service provided by investment agents', with an average 3.035

Association between demographic variables and Perception of factors influencing saving

After finding the order of preference, among various factors, influencing savings, the researcher was interested in identifying the impact of statistic factors on the elements influencing savings. In order to find the relationship between demographic variables and factors influencing savings, chi-square test was carried out and the results of the same are displayed in the **Table 5**.

Table 3 - Pearson Chi-Square Tests – Factors influencing saving vs. Demographic variables

Factors influencing saving ☐		1	2	3	4	5	6	7
Age (in years)	Chi-square	81.709	65.676	46.001	36.348	73.927	39.705	56.716
	DF	12	12	12	9	12	12	12
	Sig.	.000*	.000*	.000*	.000*	.000*	.000*	.000*
Qualification	Chi-square	70.161	47.265	99.194	56.033	59.035	42.123	119.93
	DF	12	12	12	9	12	12	12
	Sig.	.000*	.000*	.000*	.000*	.000*	.000*	.000*
Gender	Chi-square	0.543	1.288	0.432	0.545	1.27	0.272	1.002
	DF	8	8	8	6	8	8	8
	Sig.	1	0.996	1	0.997	0.996	1	0.998
Family	Chi-square	32.035	24.617	52.659	43.576	86.775	126.115	34.521
	DF	8	8	8	6	8	8	8
	Sig.	.000*	.002*	.000*	.000*	.000*	.000*	.000*
Annual Income	Chi-square	70.496	119.506	58.832	65.241	68.868	108.954	109.386
	DF	12	12	12	9	12	12	12
	Sig.	.000*	.000*	.000*	.000*	.000*	.000*	.000*
Percentage of	Chi-square	62.422	79.888	78.797	74.075	99.412	97.643	152.129

Factors influencing saving □		1	2	3	4	5	6	7
Income Invested	DF	16	16	16	12	16	16	16
	Sig.	.000*	.000*	.000*	.000*	.000*	.000*	.000*

Source: Primary Data

1 – tax reduction; 2–consistent return; 3 –risk-free future; 4 –overcome liquidity; 5 – simplicity of procedure; 6 – investment information; 7 – comfortable service by investment agents

* Significant at 5% level of significance; DF – Degrees of freedom

It can be inferred from the Table 5 that all the demographic variables like age, qualification, courses taught, field of teaching, designation, family size and annual income as well as family annual income, had reported significant association with all factors influencing saving ($p < .01$), at 1% level of significance.

Table 4: Chi Square Test Association between Demographic Profile and reasons for saving

		Age	Gender	Qualification
To Reduce Risk point in future	Chi-square	20.876	4.909	19.648
	Df	4	4	12
	Sig.	.000*	0.297	0.074
For consistency in return	Chi-square	8.531	6.048	36.998
	Df	4	4	12
	Sig.	0.074	0.196	.000*
To overcome problem of liquidity	Chi-square	5.731	8.506	41.917
	Df	4	4	12
	Sig.	0.22	.075[b]	.000*
Because of simplicity of procedure	Chi-square	6.955	12.092	28.017
	Df	4	4	12
	Sig.	.138[b]	.017*	.006*
To reduce tax	Chi-square	6.482	5.756	18.651
	Df	4	4	12
	Sig.	0.166	0.218	0.097
On basis of Investment information Available	Chi-square	16.41	10.38	34.33
	Df	4	4	12
	Sig.	.003*	.034*	.001*
Because comfortable service is provided by Investments Agents	Chi-square	9.446	7.806	29.04
	Df	4	4	12
	Sig.	0.051	0.099	.004*
Save for investment	Chi-square	8.718	3.171	26.474
	Df	4	4	12
	Sig.	0.069	0.53	.009*
Save for buying a vehicle	Chi-square	5.123	21.818	27.816
	Df	4	4	12
	Sig.	0.275	.000*	.006*
Level of significance 0.05*				

Analysis; from the above Chi-Square test it can be interpreted that Age and Gender have an association with their will to save for financial independence. Gender and Qualification have an association with respondents will to save for family needs. Age Gender and Qualification, all have an association with respondents will for saving for emergencies and reserve for necessities. Again all the three Age, Gender and Qualification have a direct association with saving to buy a house. Saving for retirement also has an association with Age, Gender and Qualification. Saving for higher education also has association with all the three, Age, Gender and Qualification. Only Qualification has an association with the respondents will to save for living worry-free life. Save for living debt-free life has an association with Gender and Qualification. Qualification also has an association with saving for investment. Respondents will to save to buy a vehicle has an association with Age, Gender and Qualification.

SUMMARY OF FINDING & SUGGESTION

Findings and Suggestions

- All the respondents have at least passed PUC. All the respondents invest their income. Majority of the respondents were males (64%). 57% of the respondents Were from a joint family. Majority of the respondents Were UG qualified. Majority of the respondents earn from their internship

- Saving for financial independence, for family needs, for buying a house, for retirement, for higher education, for living a worry-free life, for debt free life and for buying a vehicle had an association with Age, Gender, and Qualification.

- Various possible motives under which women investors saved and they were grouped under eight points, i.e., unforeseen contingencies, anticipated future needs, future income, speculation business, raise the standard of living, desire to spend less, wealth to next generation, and financial independence. Financial independence and anticipated future needs, were found to be the main motives for saving. The least important motive for saving was 'Speculation business', in which normally women did not indulge in such activities. There was significant association between demographic variables were age, qualification, courses taught, designation, family size and annual income and Motives of Saving.

- 41% of the respondent's income is less than 10000. Researchers suggest them to explore other fields and try to increase their incomes. Freelancing has a mere 10% share of the youth. Researchers suggest the youth to see freelancing an available space to enter and increase their incomes. 18% of the youth get their income via their parents, this section explore various fields and start earning

- The main factors influencing savings were reduced risk in future and consistency in return. The least important factor, influencing their savings, was comfortable service provided by investment agents. The demographic variables like age, qualification, courses taught, the field of teaching, designation, family size and annual income, as well as family annual income, had recorded significant association with all the factors influencing savings.

- Based on the findings of the study, the researcher has the following suggestions. As the main motive of women investors was financial independence, the investment companies may incorporate this in their marketing campaigns, to attract more investments. Investment company while approaching prospective investors, must make a sales pitch, which guarantees risk-free return and also consistency in return. Marketing campaign may be designed on these two main objectives. As the investors are afraid of taking more risk, it is suggested that the investment companies should personally approach and offer suitable financial products, to boost their confidence level and attract more investment.

Conclusion

The country has overcome the great global financial crisis, in the year 2008, with the attitude of saving culture of people in the country. The mind-set of people on savings bailed our country out of that financial crisis and this traditional culture of saving will be good not only for the future of an individual but also for the whole country. In this context, a study was conducted to have an understanding of the saving nature of individuals and its relationship with the preference on various investment avenues and investment behavior, their Motives of Savings and various factors that Influencing saving,. During the course of the research that was carried out in Bangalore, it became clear that the spending habits of

young people have undergone significant shifts as a result of the rapid advancement of technology. Researchers also learned that income has a significant impact on youth spending. We also learned that most of the youth save for events that will occur in the future. This youth is well educated and saves for more ambitious tasks. A sample of 80 youth was selected for the study and data were gathered from a questionnaire, which was structured. The respondents had expressed the least level of agreement with the statement, 'Comfortable service provided by investment agents'.The study concludes with the suggestion that there is a wide range of scope, among women faculty members in Bengaluru City for making investment in different investment avenues and the investment companies should properly utilize this market. It is further suggested that investment companies should approach women investors, with proper guidance and Marketing campaign may be designed on these two main objectives.

SCOPE FOR FURTHER STUDIES:

There is scope for a comparative study for saving and investment pattern between aided and unaided college, commerce and professional, male and female and other service sectors. Emphasis can be given, for every unit /zone, different investment avenue, based on different savings limit. Different attributes of savings and investment pattern like avenue, risk, return and capital appreciation can be studied individually, to suggest the best investment avenue for the investors.

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