



Spending Behaviour Among College Student

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System ID: 2023340052, 2023385956

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SESSION 2023-26



<https://doi.org/10.55041/ijst.v2i4.442>

Cite this Article: Wairokpm, P. & Meitei, T. T. (2026). Spending Behaviour Among College Student. International Journal of Science, Strategic Management and Technology, 02(04). <https://doi.org/10.55041/ijst.v2i4.442>

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ABSTRACT

In recent times, one of the most enduring challenges that still affect college students is the huge difficulty in controlling the way they spend, and worldwide, very minute research has been one about this. The current level of the problem on the spending front is again, not absolutely figured and sorted out. Thus, this study has focused on determining the spending behaviour of 138 university students in Delhi & Mumbai using descriptive research design. A structured questionnaire was used for data collection. Sampling Method used was non-probability sampling method, under which convenience sampling method was used. respondents were found to be spending tightly when it came to shopping and travelling and academic purposes and loosely when it came to entertainment and lifestyle. It can be concluded that gender, being outstation or being based in the city were the key determinants that made the difference on spending behaviour.

Keywords: student budgeting, savings behaviour, spending pattern, students, monthly allowance

I. INTRODUCTION

Student budgeting primarily refers to management of financial expenses within their assigned budget. Several factors make the behavior of students dynamic and different from each other. These factors can be technical as well as psychological and controllable or uncontrollable. The major challenge that students face is the difficulty to budget their expenses and save a proportional amount every month for contingent events. Most of the students get their monthly allowance from their parents and are answerable to them for their expenditure. Higher family income can contribute majorly to good academic performance of the students but lower family income should not be an excuse for poor performance. With the technological evolution and advancement in India, students have adapted their budgeting and spending habits accordingly. The advanced marketing strategies of the firms have made the students spend extravagantly on wants and not just needs. And the marketing tactics have influenced the adults too which has led the young to follow their footsteps and spend freely. There is a vast difference in the spending behavior of students of our country as the system to free the

younger population at an early age is different from the west. Developing the saving habits of students can be an effective tool to encourage the younger lot to live in a financially sustainable way. The more knowledgeable students have about their financial responsibility and status, the less likely they are to be in debt.

II. LITERATURE REVIEW

Spending habits among college students have received more attention recently. Young people are moving from relying on others for money to being partially or fully independent. This stage is important because students start managing their expenses on their own, often for the first time. This experience strongly affects their long-term financial habits. Several studies have pointed out that financial literacy is a key factor in students' spending habits. Research shows that students with more financial knowledge tend to spend more wisely and save better. On the other hand, those with limited financial understanding often struggle with budgeting, overspend, and experience financial stress. Financial literacy affects spending choices and how students use modern financial tools like digital wallets and online payments. Another significant factor that affects spending is the source of income. Many college students rely on their parents for support, which can lead to less careful spending. A university study found that dependence on parents, along with exposure to consumer culture, shapes spending habits. Students with part-time jobs or other income sources typically show more controlled and responsible financial behavior. Peer influence and social environment are also critical. Friends and social circles heavily influence students, which can prompt impulsive or unnecessary spending to maintain social status or fit in. Research indicates that peer pressure, along with social media, promotes consumption-driven lifestyles among young people.

Additionally, technology and social media have changed how college students spend money. Easy access to online shopping, mobile banking, and digital payment options makes spending convenient but also encourages impulsive buying. Studies show that frequent use of digital platforms is linked to higher spending and less financial control among students. Demographic and psychological aspects, such as age, gender, financial attitudes, and emotional behavior, further shape spending habits. Research highlights that a student's financial attitudes greatly impact their money management, including their saving and spending preferences. Emotional factors like stress, lifestyle goals, and the desire for instant gratification also lead to unplanned spending. Moreover, studies on Indian college students stress the importance of money management education. Findings suggest that students who receive proper financial guidance are better at budgeting, saving, and making informed spending choices. It has also been shown that promoting alternative income sources, like freelancing, can positively affect financial responsibility. In summary, the research consistently shows that college students' spending behavior is affected by a mix of financial literacy, income sources, peer pressure, exposure to technology, and personal attitudes. While many students have impulsive spending habits, improving financial education and awareness can greatly enhance their decision-making skills regarding money.

III. RESEARCH PROBLEM

To study the student budgeting and spending behaviour.

IV. RESEARCH OBJECTIVES

1. To determine spending pattern of the students.
2. To plan, advance and equalize the measure to gauge the saving behavior of students.
3. To search for the underlying factors behind their expenditure.
4. To ascertain how much they spend monthly.

V. RESEARCH METHODOLOGY

V.i. RESEARCH DESIGN

The research design used for this paper is Descriptive research design. It describes the various spending habits of students like how much do they spend, where do they spend? etc. Quantitative data has been collected through survey questionnaire (google form). This paper talks about various spending habits and saving habits of students. Across sectional study was conducted where the data was collected from the respondents once for the particular time period.

V.ii. SAMPLING

Primary data was collected from a sample size of 138 respondents from Mumbai and Delhi during the period of March, 2020. Sampling Method used was Non-Probability sampling method as all the elements of the population do not have equal opportunity of being selected. Under Non-probability method, convenience sampling method was used as the respondents were selected as per the convenience of the researcher.

V.iii. DATA COLLECTION

For the purpose of data collection, a structured questionnaire was used. It consisted of closed ended questions and the questionnaire was filled by the respondents via google form.

V.iv. DATA ANALYSIS TABLE 1: GENDER

GENDER	FREQUENCY	PERCENTAGE
MALE	66	47.83%
FEMALE	72	52.17%
TOTAL	138	

source-primary survey

The sample consisted of 138 people out of which 66 were male and 72 were female. The respective percentages for this are 47.83% and 52.17%.

TABLE 2: STUDENTS STUDYING IN THEIR HOMETOWNS

OPTIONS	FREQUENCY	PERCENTAGE
YES	71	51.45%
NO	67	48.55%
	138	

source-primary survey

The next question was about how many people live in their hometowns. 71 people corresponding to 51.45% responded with a yes while the other 67 people corresponded to 48.55%.

TABLE 3: MONTHLY EXPENSES OF STUDENTS

MONTHLY EXPENSE	FREQUENCY	PERCENTAGE
BELOW 10,000	42	30.43%
10,000 – 20,000	47	34.06%
20,000 – 30,000	26	18.84%
ABOVE 30,000	23	16.67%

TOTAL	138	
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source–primarysurvey

Whenaskedaboutmonthlyexpenses,42peoplecorresponding30.43%saidbelow10,000,47

peoplecorresponding34.06%respondedwith10,000–20,000,26peoplerepresenting18.84% of the sample chose the option 20,000 – 30,000 while the remaining 23 people representing

16.67%ofthepopulationchoseabove30,000.

TABLE4:STUDENTSMAINTAININGANACCOUNTOF THEIR MONTHLY EXPENSE

OPTIONS	FREQUENCY	PERCENTAGE
YES	71	51.45%
NO	67	48.55%
TOTAL	138	

source–primarysurvey

When asked about maintaining monthly expenses, 51.45% of the 138 people stated they do maintainanaccountoftheirmonthlyexpenseswhiletheremaining48.55%statedthattheydo not maintain a monthly account of their expenses.

TABLE5:MODEOFMAINTAININGTHEMONTHLYACCOUNTS

MODE	FREQUENCY	PERCENTAGE
APPLICATION	30	42.25%
MANUALLY	41	57.75%
TOTAL	71	

source–primarysurvey

57.75% of therespondents who maintain amonthly expenses stated thatthey did so manually whiletheothersuseamobilephoneapplicationtoprepareandmaintaintheirmonthlybudgets.

TABLE6:ACITIVITYCONSUMINGMAXIMUMALLOWANCE

SPENDINGACTIVITY	FREQUENCY	PERCENTAGE
ENTERTAINMENT	37	26.81%
BOOKS	14	10.14%
LIFESTYLE	47	34.06%
TRAVELLING	29	21.01%
DINE-OUT	11	7.79%
TOTAL	138	

source–primarysurvey

Out of the 138 respondents 34.06% spend most of their money on lifestyle expenses, 26.81% on entertainment,

21.01% on travelling, 10.14% on books and the remaining 7.79% spend a majority of their budget on 7.79%.

TABLE7:BRANDCONSCIOUSNESS

RESPONSE	FREQUENCY	PERCENTAGE
YES	68	49.28%
NO	30	21.74%
MAYBE	40	28.99%
TOTAL	138	

source–primarysurvey

When asked about brand driven purchases, a vast 49.28% of the respondents stated that they were brand conscious while making purchases, 28.99% were not brand conscious while making purchases, while the remaining 21.74% of the sample responded with a maybe.

TABLE8:UNAVOIDABLEEXPENSES

UNAVOIDABLEEXPENSE	FREQUENCY	PERCENTAGE
DINE-OUT	68	49.28%
MOVIES	26	18.84%
SHOPPING	36	26.09%
TRAVELLING	8	5.80%
TOTAL	138	

source–primarysurvey

Next question talked about what was the unavoidable expense, majority of 49.28% people voted for dine-out as their major unavoidable expense. Next unavoidable expense at 26.09% was shopping. Third was movies with 18.84% people voting for it. Last was travelling with 5.8% of the total votes.

TABLE9:BUDGETDEFICIT

OPTIONS	FREQUENCY	PERCENTAGE
YES	85	61.59%
NO	53	38.41%
TOTAL	138	

source–primarysurvey

When asked if they have ever faced a budget deficit, 61.59% people said yes while 38.41% people responded with a no.

TABLE10:PLANNINGOFEXPENDITUREINCASEOFBUDGET DEFICIT

PLANNING BUDGET DEFICIT	FREQUENCY	PERCENTAGE
ASKED FOR MONEY FROM PARENTS	28	32.94%
ASKED FROM FRIENDS	16	18.82%
REDUCED YOUR DAILY EXPENDITURE	41	48.24%
TOTAL	85	

source–primarysurvey

85 respondents who votes for yes in the previous question had to vote in this question too. It talked about how people planned their expenditure in case of a budget deficit. About half of the sample size (48.24%) said they reduce their daily expenditure. Other 32.94% said they ask their parents for an extra allowance while the remaining 18.82% borrowed it from their friends.

TABLE11:IMPROVINGBUDGETINGHABITS

OPTIONS	FREQUENCY	PERCENTAGE
YES	75	54.35%
NO	29	21.01%
MAYBE	34	24.64%
TOTAL	138	

source–primarysurvey

When asked if they could improve their budgeting habits thus spending less, 54.35% students said yes, they do see a scope for improvement. 21.01% students said no and the rest 24.64% students responded with a maybe.

TABLE12:PREFERENCEFORSAVINGMONTHLYALLOWANCE

OPTIONS	FREQUENCY	PERCENTAGE
YES	91	65.94%
NO	47	34.06%
TOTAL	138	

source–primarysurvey

This question talked about whether the respondents believed in spending their monthly allowance. 65.94% said yes while a one-third respondents (34.06%) said they do not.

TABLE13:MODEOFSAVINGTHEMONTHLYALLOWANCE

SAVING OPTIONS	FREQUENCY	PERCENTAGE
CASH	30	32.97%
BANK	50	54.95%
FINANCIAL MARKETS	11	12.09%

TOTAL	91	
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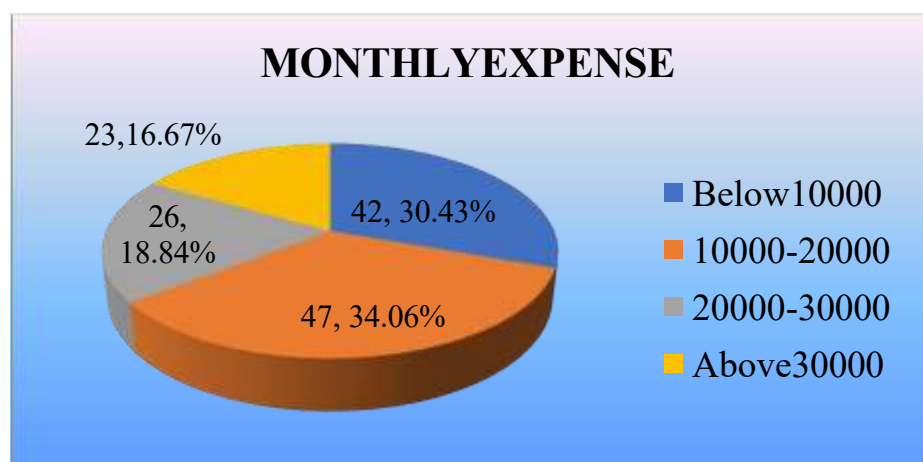
source–primarysurvey

Lastly,forallthepeoplethatbelievedinsaving,thenextquestionaskedthemwhattheirmode of saving was.Around half of the respondents with 54.95% said they saved in banks, 32.97% said they preferred saving in cash while the small remainder of 12.09% invested in financial markets.

VI. RESEARCH FINDINGS

1. Out of 138 respondents that were surveyed, 71 study in their hometown while 67 do not study in their hometown.
2. Monthly expenditure of most of the students is between 10000–20000. It was so observed that the total expenditure of outstation students was comparatively more than the students who study in their hometown. This is because outstation students have to pay for many expenses like accommodation, electricity bills etc. which local students do not have to pay. (Stollak, et al.) (Chart 1)

CHART1:MONTHLYEXPENDITURE



3. On asking the respondents about whether they prefer to save a part of their allowance or not, 91 respondents out of the sample of 138 respondents replied that they prefer to save a part of their allowance while 47 do not prefer to save their allowance because at the end of the month they are hardly able to save any money. (Jeevitha, et al., 2019) (Chart 2)

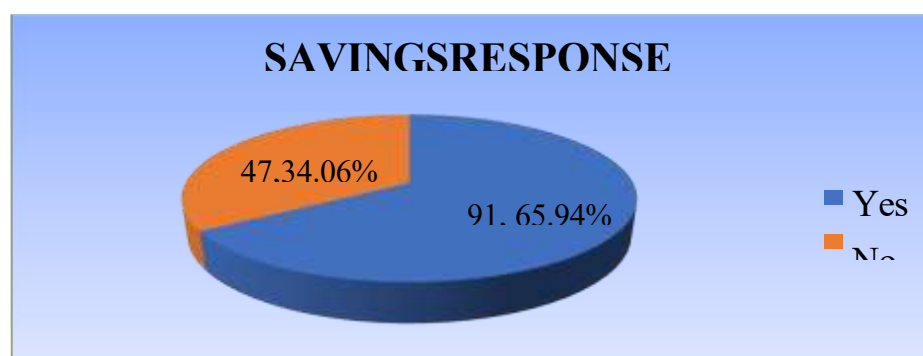


CHART2:PREFERENCEFORMONTHLYSAVINGALLOWANCE

4. Out of 91 respondents who prefer to save a part of their monthly allowance, 50 respondents prefer to save in bank. In bank mostly save their allowance in savings account while there were some respondents who prefer to keep it in Fixed Deposit

account. There were 30 respondents who prefer to save in form of cash while there were 11 respondents who save their allowance by investing in financial markets by investing in equity shares, mutual funds etc. (Chart 3)

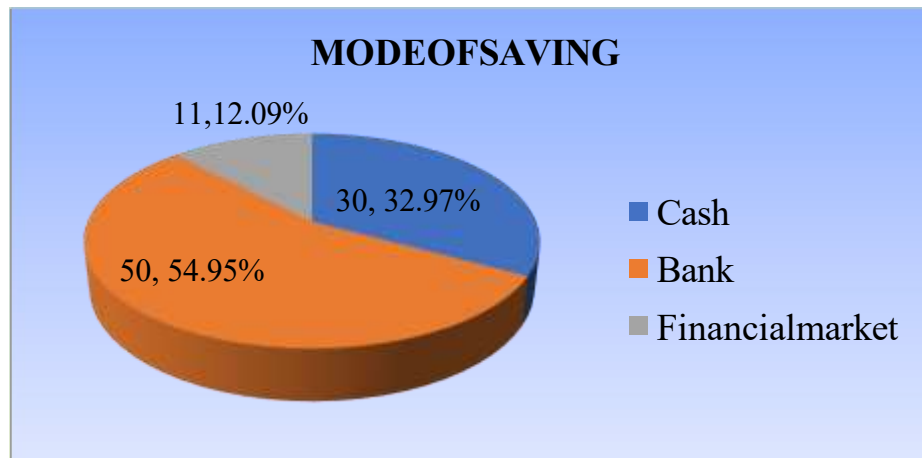


CHART 3: MODE OF MONTHLY SAVING ALLOWANCE

5. On asking the respondents about the activity they spend the most upon, it was observed that most students spend on lifestyle that include shopping and other such related activities. It was followed by entertainment which includes movies, dramas, stand-up comedy show etc. It was also observed that people also spend a significant part of their allowance in travelling which includes rickshaw fare, cab fare, car fuel charges etc. (Chart 4)

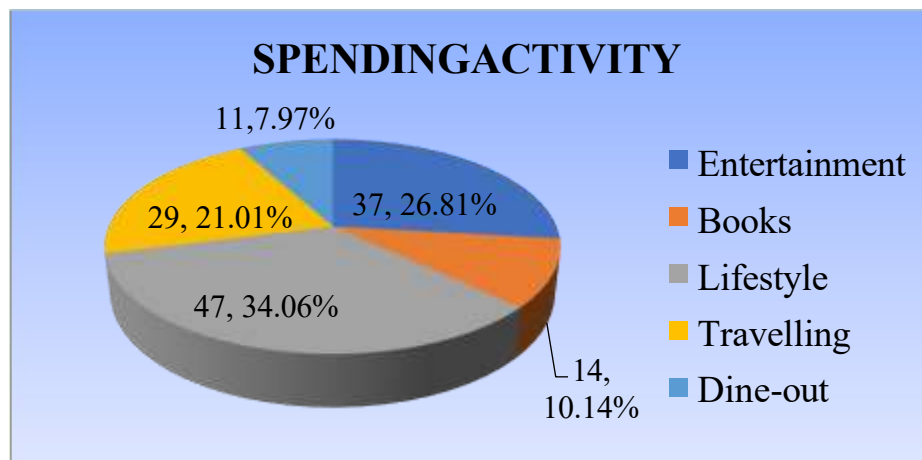


CHART 4: ACTIVITIES CONSUMING MAXIMUM MONTHLY ALLOWANCE

6. When we asked the respondents are they brand conscious or not, out of 138 respondents, 68 told that they were brand conscious. The reason behind being brand conscious is that nowadays youth tend to judge each other just by observing what another person has and they compare themselves with them. Students believe that brand says a lot about their personality and they also get influenced by their peer group and just purchase branded products. (Birari & Patil, 2014) (Chart 5)

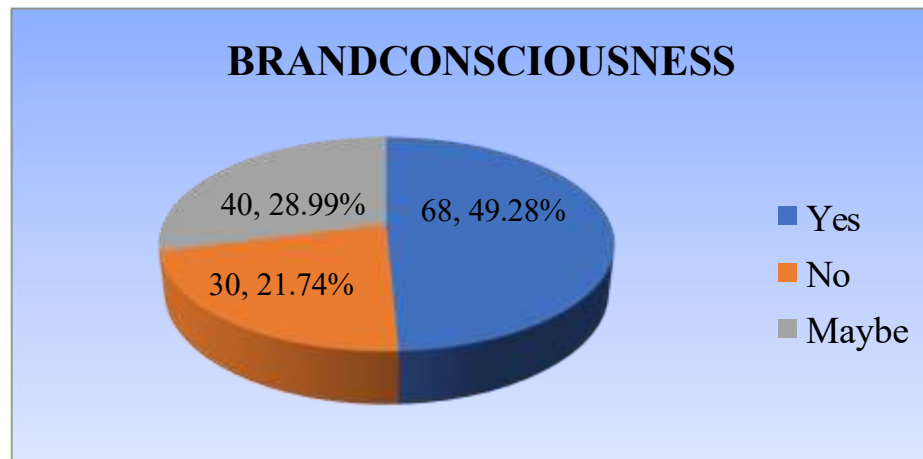
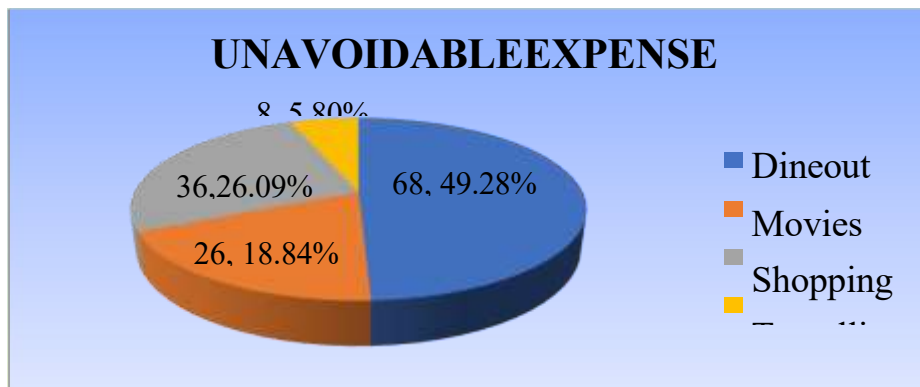


CHART5:BRANDCONSCIOUSNESSOFSTUDENTS

7. The most unavoidable expense of students is dine-out. It includes fine dine, clubbing, ordering food online, having food in college canteen etc. It is followed by shopping which is because of mostly students being brand conscious. (Chart 6)

CHART6:UNAVOIDABLEEXPENSESOFTHESTUDENTS



VII. CONCLUSION

As per the research that was conducted, and upon further analysis, a very clear picture is being depicted- over half the students are living on a relatively tight budget to cover their expenses and support their lifestyle, which often goes unmaintained. Those who study in their hometown spend relatively less as compared to those studying outside their hometown, since the outstation students have to pay bills related to accommodations, such as electricity, gas, etc. Major spending of these students is on their lifestyle and entertainment, which varies for every student. Students have become extremely brand conscious today, since every brand conveys something different about their personality.

About half the respondents find dine out as their most unavoidable expense, followed by movies. An interesting finding was that more students reduced their daily expenditure when faced with a budget deficit than those who

asked their parents for money. They also prefer to save a part of their monthly allowance, mostly in cash form or in bank, which shows good budgeting habits. A fraction also tend to invest their savings in the financial markets. One very simple but effective way students can reduce their spending is by analysing their behaviour. They can do so by developing a behaviour chart. This is a method of keeping constant record of the students' behaviour and providing reinforcement for that same behaviour. These charts work wonders when dealing with and changing student behaviours. It is absolutely critical that university students educate themselves about finance during their adolescence phase, as it is their best possible chance to be successful in adulthood. However, having a good financial knowledge base is not enough. Steady success requires healthy and positive attitude along with supportive parents who facilitate responsible financial attitude.

VIII. LIMITATIONS OF THE STUDY

1. It is a sample study, not population study. The sample size of 138 students is a limitation to the study. The things that are true for the same may or may not apply to the population.
2. This study uses non-probability convenience sampling technique. The sample includes people who were convenient to the researchers.
3. The sample unit can be a limitation as the spending habit may be different in different cities. This study is conducted through the students of Mumbai and Delhi – which are metropolitan cities with high cost of living. Spending pattern changes with different cities and hence the study is not valid for the entire population.
4. It is an objective study.

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X. APPENDIX

X.i. QUESTIONNAIRE

1. What is your gender?

- Female • Male

2. Do you study in your hometown?

- Yes

- No

3. How much is your monthly expense?

- Below 10,000

- 10,000 – 20,000

- 20,000 – 30,000

- 30,000 – 40,000

4. Do you maintain an account of your monthly expenses?

- Yes

- No

5. How do you maintain it?

- Mobile application

- Manually

6. What do you spend most on?

- Entertainment

- Books

- Lifestyle

- Travelling

- Others (please specify)

7. Are you brand conscious?

- Yes

- No



- Maybe
8. What is your most unavoidable expense?
- Dine out
 - Movies
 - Shopping
 - Others (please specify)
9. Have you ever faced budget deficit?
- Yes
 - No
10. In case of a budget deficit, how do you plan your expenditure?
- Ask for money from parents
 - Ask from friends
 - Reduced daily expenditure
11. Do you think you can improve your budgeting habit and spend less?
- Yes
 - No
 - Maybe
12. Do you prefer to save a part of your monthly allowance?
- Yes
 - No
13. Where do you prefer to save your monthly allowance?
- Cash
 - Bank
 - Invest in financial market

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College students' spending patterns have become an important area of research because they reflect not only their financial decisions but also their priorities, values, lifestyle choices, and over.pdf

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