

MONEY MANAGEMENT PRACTICES AMONG STUDENTS-AN EMPIRICAL STUDY

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Received: December 06, 2018

Accepted: January 11, 2019

ABSTRACT: *India is a developing and second populated country. Due to increasing population economy of India facing various challenges at every step. Over the last few decades, finance management plays an important role in the process of increasing economy and development. Logically, finance management encourages investment that triggers the economic growth of any country. Finance management education plays a key role in financial empowerment, as education helps students acquire the skills, right attitudes and relevant knowledge needed in making choices for the best of their economic health and safety wellness. So, Money management is necessary as it has become essential that individuals get the skills to be able to survive in future with satisfaction.*

Key Words: *Money Management, Students, Finance, Planning.*

INTRODUCTION

Money management is key to sound financial planning which helps people to achieve their financial goals more effectively. Making smart financial decisions and managing cash well is not only a good habit to learn but it also contributes to future financial success. Since students are considered as the backbone of any country, to equip themselves both physically and mentally is essential for the strong foundation of a great nation tomorrow. Practicing good money management skills among students is good for their bright future and thereby for the society and nation itself. Money management is the process of budgeting, saving, investing, spending or otherwise in overseeing the cash usage of an individual or group.

STATEMENT OF THE PROBLEM

Students are the category of people who always have an income and expenses mismatch. Their expense are most of times more than their incomes as a result of which they end up borrowing money from their friends/ family at the time of the month., so money management practices for students become very important. Moreover, it is at this age that students learn the art of money. Hence in this regard, a study has been conducted in order to know the money management practices for college students.

OBJECTIVES OF THE STUDY

- To access the spending and savings pattern of college students.
- To study the money management practices among college students

RESEARCH METHODOLOGY

The study was conducted for the period of 5 months. The survey is undertaken around Coimbatore city. Both primary and secondary data has been collected for this study. The primary data is collected through questionnaire method. Secondary data was collected from journals, magazines, internet and research articles. The size of sample is 192. For the purpose of the study, The random sampling technique has been adopted for the selection of respondents. The statistical tools used for the analysis are simple percentage analysis, descriptive statistics, chi-square and ANOVA & t-test

LIMITATIONS OF THE STUDY

Every research has some limitation. In conducting this research the limitations are faced.

- The study was restricted to people in and around Coimbatore city so the findings cannot be generalized.
- The data collected for the study was only from 192 respondents by circulating questionnaires. The findings may differ with higher sample size.

ANALYSIS AND INTERPRITATION

Table 1- Demographic Profile

Personal factor		No of response	percentage
Age	18-20	60	31.2
	21-23	91	47.4
	23 and above	41	21.4
Gender	Male	89	46.4
	Female	103	53.6
Educational qualification	Graduate	93	48.4
	Post graduate	84	43.8
	Professional	15	7.8
Type of family	Nuclear	112	58.3
	Join	80	41.7
Family monthly income	Less than 20,000	23	12.0
	20,001-40,000	74	38.5
	40,001-60,000	71	37.0
	More than 60,000	24	12.5
Area of residence	Rural	43	22.4
	Semi urban	94	49.0
	Urban	55	28.6
Total		1152	600

Source :Primary data

From the above table it is inferred that 47.4 per cent of the respondents are in the age group between 21-23 years, 53.6 per cent of the respondents are female. 48.4 per cent of the respondent's educational qualification is Under-Graduates. 58.3 per cent of the respondents belong to the category of Nuclear family. 38.5 per cent of the respondents have a monthly income between Rs.20,001 -Rs.40,000. 60.9 per cent of the respondents have 3-6 members in their family.

Objective: 1 - To access the spending and saving pattern among students

Descriptive Analysis :Spending habit of the students

Table 2- Descriptive statistics Spending habit of the students

Statements	No.	Minimum	Maximum	Mean	Std. Deviation
Books/novels	192	1	4	3.09	.928
Transport fare/Petrol	192	1	4	3.31	.755
Cosmetics	192	1	4	2.78	.990
Movies	192	1	4	3.13	.811
Mobile/Internet recharge	192	1	4	3.36	.766
Travels/Outing/Picnic	192	1	4	2.91	.798
Celebrations/College functions	192	1	4	2.88	.838
Fee expenses	192	1	4	2.57	.995
Food/fast foods/snacks	192	1	4	3.07	.786

Cloths	192	1	4	2.96	.785
Accessories	192	1	4	2.83	.894
Purchases of mobile	192	1	4	2.56	.925
Stationeries	192	1	4	2.77	.814
Total	192	13	52	38.21354	11.85

Source: Primary data

The total mean rating of the spending habit towards students is 38.21354. The highest mean score 3.36 has been found for ‘mobile/internet recharge’ with a standard deviation of 0.766 followed by 3.31 for transport fare/ petrol with a standard deviation of 0.755.

The lowest mean score 2.56 has been found for ‘purchases of mobiles’ with the standard deviation of 0.925 followed by 2.57 for ‘fee expenses’ with the standard deviation of 0.995. It is clear that most of the respondents are spending their money for ‘mobile/internet recharge’.

Saving habit of the students

Table -3- Descriptive statistics- Saving habit of the students

Statements	No.	Minimum	Maximum	Mean	Std. Deviation
Cash box at home	192	1	4	3.21	.904
Savings in bank	192	1	4	3.05	.911
Post Office savings	192	1	4	2.45	1.007
Insurance	192	1	4	1.92	.923
Chit funds	192	1	4	1.80	.945
Total	192	5	20	12.43	4.69

Source: Primary data

The total mean rating of the saving habit towards students is 12.43. The highest mean score 3.21 has been found for ‘cash box at home’ with a standard deviation of 0.904 followed by 3.05 for ‘savings in bank’ with a standard deviation of 0.911.

The lowest mean score 1.80 has been for ‘chit funds’ with the standard deviation of 0.945 followed by 1.92 for ‘insurance’ with a standard deviation of 0.923. It is clear that most of the respondents saving their money on cash box at home.

ANALYSIS OF VARIABLES (ANOVA) & T-TEST

Selected personal factors vs. spending habit

ANOVA has been applied to find the significant difference between spending habit and the selected personal factors.

A paired t-test has been applied to test the difference, if any in respect of gender, type of family and the factors spending habits among students

H₀: “The average score of the spending habit does not differ significantly for the selected demographic factors

Table 4 -Selected demographic factors vs. spending habit

Personal factor		Mean	S.D	No.	t-value	F-value	Sig.	S/ NS
Age	18-20	2.8718	.35623	60		2.000	.138	NS
	21-23	2.9535	.32593	91				
	23 and above	3.0075	.37912	41				
Gender	Male	2.9352	.35287	89	.484		.159	NS
	Female	2.9432	.34753	103				
Educational qualification	Graduate	2.8966	.37316	93		2.068	.129	NS
	Post graduate	2.9625	.32929	84				

	Professional	3.0769	.26328	15				
Type of family	Nuclear	2.9238	.37479	112	.738		.169	NS
	Join	2.9615	.31060	80				
Family monthly income	Less than 20,000	2.8696	.39458	23		.692	.558	NS
	20,001-40,000	2.9220	.37974	74				
	40,001-60,000	2.9805	.30263	71				
	More than 60,000	2.9391	.34023	24				
Area of residence	Rural	2.8265	.32812	43		3.201	.043	S
	Semi urban	2.9574	.34320	94				
	Urban	2.9972	.36109	55				
Total		50.0248	5.86239	1152				

The average mean score for the spending habit of the respondents are more or less same for both male and female respondents. The respondents whose age is below 23 years are found to have the highest mean score of 3.0075, followed by the respondents whose family monthly income is between Rs.40,000-Rs.60,000 are found to have the highest mean score of 2.9805, the mean score 3.0769 has been found high for the respondents who are professionals and the mean score 2.9972 has been found high for the respondents who are living in urban area.

ANOVA results indicate that there is no significant difference in the mean score of the spending habit of the respondents. Hence the null hypothesis is accepted. However, in case of area of residence there is a significant difference in the mean score of the spending habit of the respondents. Hence, the null hypothesis is rejected.

The paired t-test result shows that there is no significant difference in the mean score of spending habit of the respondents in respect of gender and type of family. Hence, the null hypothesis is accepted.

Hence, it is concluded that the educational qualification plays a predominant role in spending habit of the respondents, whereas the other demographic factors namely, age, gender, monthly family income, area of residence does not play a role in spending habit.

Selected demographic factors vs. saving habit

ANOVA and t-test has been applied to find the significant difference between saving habit and the selected personal factors.

H₀: "The average score of the saving habit does not differ significantly for the selected demographic factor

Table 5 - Selected demographic factors vs. saving habit

Personal factor		Mean	S.D	No.	t-value	F-value	Sig.	S/NS
Age	18-20	2.3300	.60710	60		4.061	.019	S
	21-23	2.5011	.64455	91				
	23 and above	2.6829	.55493	41				
Gender	Male	2.4831	.63662	89	.068		.445	NS
	Female	2.4893	.61722	103				
Educational qualification	Graduate	2.4387	.63538	93		1.725	.181	NS
	Post graduate	2.4905	.62971	84				
	Professional	2.7600	.47329	15				
Type of family	Nuclear	2.4571	.59574	112	.769		.115	NS
	Join	2.5275	.66465	80				
Family monthly income	Less than 20,000	2.2783	.64874	23		1.018	.386	NS
	20,001-40,000	2.5297	.56900	74				
	40,001-60,000	2.4930	.68605	71				
	More than 60,000	2.5333	.57079	24				
Area of residence	Rural	2.4186	.59010	43		.988	.374	NS
	Semi urban	2.5511	.60584	94				
	Urban	2.4291	.68032	55				
Total		42.3933	10.41003	1152				

The average mean score for the saving habit of the respondents are more or less same for both male and female respondents. The respondents whose age is below 23 years are found to have the highest mean score of 2.6829, followed by the respondents whose family monthly income is more than Rs.60,000 are found to have the highest mean score of 2.5333, the mean score 2.7600 has been found high for the respondents who are professionals and the mean score 2.5511 has been found high for the respondents who are living in urban area.

ANOVA results indicate that there is no significant difference in the mean score of the spending habit of the respondents. Hence the null hypothesis is accepted. However, in case of age of the respondents there is a significant difference in the mean score of the saving habit of the respondents. Hence, the null hypothesis is rejected.

The paired t-test result shows that there is no significant difference in the mean score of saving habit of the respondents in respect of gender and type of family. Hence, the null hypothesis is accepted.

Hence, it is concluded that the educational qualification plays a predominant role in saving habit of the respondents, whereas the other demographic factors namely, age, gender, monthly family income, area of residence does not play a role in saving habit.

Objective: 2 – To study the money management practices among students.

Descriptive statistics-Money management practices factors of the students

Descriptive statistics

Table 6 - Selected demographic factors vs. opinion about money management practices

Statements	No.	Minimum	Maximum	Mean	Std. Deviation
I Always need extra money to meet my expenses.	192	1	5	4.20	.870
I usually can limit my expenses with my income.	192	1	5	3.98	.880
I normally don't care about my money and expenditure.	192	1	5	3.48	1.158
I have a monthly budget for my money and expenditure.	192	1	5	3.68	.926
I try to always have extra money available in case of emergency.	192	1	5	3.83	.890
I have little or no difficulty in managing my money	192	1	5	3.41	.945
I always talk about money management with my parents	192	1	5	3.29	1.125
Its good when my parents control my spending	192	1	5	3.57	1.114
Saving is sometimes I do regularly because my parents wanted me to save when I was little.	192	1	5	3.50	1.097
Total	192	9	45	32.94	9.005

Source: Primary data

The total mean rating of the money management practices among students is 32.94. The highest mean score 4.20 has been found for 'I Always need extra money to meet my expenses.' with a standard deviation of 0.870 followed by 3.98 for 'I usually can limit my expenses with my income' with a standard deviation of 0.880.

The lowest mean score 3.29 has been found for 'I always talk about money management with my parents' with the standard deviation of 1.097. it is clear that most of the respondents are practicing money management for 'Always need extra money to meet their expenses'.

CHI-SQUARE ANALYSIS

Chi-square test has been applied to find whether there is a significant relationship between gender and money management practices among students.

H₀: There is no significant relationship between gender and money management practices among students.

Table 7 - Demographic Factors And Money Management Practices

Particulars		Level of satisfaction		Total	Chi square value	Significant value	Significant/not significant
		Low	High				
Gender	Male	13	76	89	.000 ^a	.993	NS
	Female	15	88	103			

Source: primary data S-significance at 5% level NS-Not significant

It has been found that, there is no significant relationship ($\chi^2 = 000^a$, $p < 0.993$) between gender and money management practices among students. As the calculated chi-square sig. value ($p < 0.993$) is higher than significant value 0.05, it indicates that the relationship between gender and money management practices among students is not significant.

Hence, hypothesis is accepted at 5% level of significance

SUGGESTIONS

- Parent should encourage their children's to save money by minimizing unnecessary spending's like mobile and internet recharge, cosmetics, celebrations, fast food etc.,
- Parents should let their children know the value of money before they provide their pocket money.
- The youth should think rationally before spending the money and should be more aware about various savings and investment avenues available in the market.
- Parents can motivate their wards to prepare budgeting before spending.
- The government can introduce new schemes specially for students with special interest rate so that student can be motivated and investment can be made in such avenues.

CONCLUSION

Money management is the ability to make informed judgments and to take effective decisions regarding the use and management of money. It enables individuals to improve their overall well-being and to plan for their future security. The study reveals that major source of revenue or incomes for most students are their parents. It clearly shows that only very few students to earn while learning. It also reveals the practices of money management - utilizing pocket money in a planned manner, the priorities of money spending, budgeting and saving habits among students are hope worthy. Practicing these financial skills from their college days help them to gain control over their expenditures and debt and navigate their life in a successful manner.

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