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Original Article

Study on Personal Budgeting Habits of Undergraduates and Postgraduates

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ABSTRACT: *Personal budgeting can be defined as an integral part of financial management, where individuals manage their income and expenses and try to make themselves financially stable. In the case of students, proper budgeting becomes an important activity that allows them to manage their finances and form appropriate financial behavior. The current study attempts to identify the financial habits of students and the determinants that affect their decision-making processes concerning finance. The aim of the study is to analyze the budgeting strategies, expenditure, saving tendencies, and difficulties associated with the financial activities of students. For this purpose, primary data collection was carried out with the help of a survey questionnaire distributed among 100 students. Both primary and secondary data sources have been used for the research. Analysis of the collected data has been performed through percentage analysis, tables, and graphs. These results demonstrate that a high number of students rely on assistance from their parents as a primary source of finance and allocate a substantial part of their money to buying food and spending on studies. Although most students use the fundamentals of budgeting and monitor their expenses, unforeseen expenses, impulse buying, and increasing living costs can influence students' inability to manage their budget efficiently. In addition, the importance of financial technologies and mobile applications for the budgeting behavior of the respondents is shown. In conclusion, personal budgeting is a powerful tool in improving financial management and financial discipline of students. It stresses the necessity of conducting financial literacy courses aimed at promoting the development of money management skills among students.*

KEYWORDS: *Personal Budgeting, Students, Financial Management, Saving Behavior, Financial Literacy, Spending Habits.*

1. INTRODUCTION

Literacy is a very important life skill that people need to know about in the twenty-first century. It is not taught much in schools. College and university students are especially bad at making financial decisions. This is because they are managing their money for the first time while they are in school. Personal budgeting is the process of keeping track of how much money you have, planning how you will spend it and making sure you have enough for the things you need. Many students do not know how to do this. They do not know how to keep track of their money, plan how they will spend it and make sure they have enough for the things they need. When students go to college, they have to deal with a lot of expenses like tuition, room and board, food, transportation, books and entertainment. If they do not have a plan for how they will pay for these things, they can get into trouble. They can get stressed out, get into debt and even do poorly in school. So, it is very important to understand how students think about and manage their money. This will help us figure out how to teach them about money in a way that will really help them. Financial literacy is not something that is nice to know. It is necessary for students to be able to take care of themselves. The cost of going to college has gone up a lot over the years. Tuition is higher the cost of living in college towns is higher. It is easy to spend money online. All these things make it hard for students to manage their money. In countries, including India, most college students rely on their parents, scholarships or part-time jobs to pay for school. Despite this assistance, many students continue to struggle with saving money and planning for the future. They frequently give in to the temptation of spending money on non-essentials. They can engage in credit card passé or debt to buy things. This results in serious financial pressure and debt. Many students graduate from college with a lot of debt, not from student loans but also from credit cards and other sources. It is hard for students to keep track of their spending when they use wallets and other online payment methods. Studying how students manage their money is very important for people, including the students themselves, colleges and universities and policymakers. When students know how to manage their money, they are less stressed out, and they do better in school. They have a better quality of life. Colleges and universities that help their students learn about money are more likely to have students who graduate and are successful. When students learn how to manage their money, they are more likely to be financially stable and responsible when they graduate. This is good for society. The things that students learn about money when they are in college will affect their decisions for the rest of their lives. So, it is very important to teach them about money in a way that will really help them. For this study, a survey was conducted among students at International Institute of Business Studies (IIBS), Commerce Junior College (CMS), and Avinash Commerce Junior College. These institutions were selected to examine the level of financial literacy and personal budgeting practices among students from different educational backgrounds. The data collected through the survey provided valuable insights into students' spending habits, saving behavior, budgeting skills, and financial decision-making patterns. The responses obtained

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from these colleges formed the basis for analyzing the relationship between financial literacy and personal budgeting among students.

The main problem is that many college students do not know how to manage their money. They do not keep track of how much money they have, do not plan how they will spend it, and they do not know how to save. This can lead to stress, debt and poor academic performance. The problem is that students are not learning about money in a way that's helpful to them.

They are not learning how to manage their money in a way that will really help them. Colleges and universities are not teaching students about money in a way that's effective. Students are having to learn about money on their own. This can lead to bad financial habits that will last a lifetime.

2. LITERATURE REVIEW

2.1. ANNAMARIA LUSARDI AND OLIVIA S. MITCHELL (2014)

Literacy is important for young adults to manage their money well. Lusardi and Mitchell found that students who know more about money are better at making budgets, keeping track of what they spend and making financial decisions. They think that teaching people about money can help them budget better and be more financially stable.

2.2. MARIANNE A. HILGERT, JEANNE M. HOGARTH AND SONDRA G. BEVERLY (2003)

These researchers looked at how people manage their money and what they know about finance. They found that people who know more about money are better at budgeting, saving money, and not getting into much debt. This study shows that budgeting is important if you want to be financially secure.

2.3. LEWIS. LINDA SCHMID KLEIN (2009)

This study was about how college students understand money and budgeting. It found that a lot of students do not know how to budget or manage their money. The authors think that colleges should teach students about money so they can make financial decisions and budget better.

2.4. JOHN J. XIAO, BARBARA O'NEILL AND JINHEE KIM (2015)

This study was about how young adults and students handle their money. It found that making a budget can help people save money and feel less stressed about finances. Students who make a budget every month have control over their money and are less likely to have financial problems. One of the most important lessons students, particularly young adults, can learn is financial literacy and budgeting so they know how to balance their money.

2.5. DANES, SHARON A. AND HABERMAN, HEATHER R., 2007

To measure how learning about money impacts students' financial behavior, they examined the demographics of their sample. Conversely, students who received this education performed better with budgeting and savings, leading to higher confidence in their ability to successfully manage their own finances.

2.6. A REPORT BY THE ORGANIZATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT, ISSUED IN 2020

Learning to budget is an important lesson about money for young people, this report said. It also claimed that students who track their spending have better success at resolving money issues and achieving long-term financial goals.

2.7. THE RESERVE BANK OF INDIA TALKED ABOUT TEACHING PEOPLE ABOUT MONEY IN 2022

They said that making a budget is very important for students and young adults. Their reports said that making a budget helps people manage the money they have and start saving money when they are young.

3. RESEARCH GAP

Although much research has been done on personal finance and financial literacy, little of that work focuses specifically on students budgeting their money. Most research deals with larger issues such as working through finance, managing savings and investing. They are not as concerned with the budget that students do on a daily basis. Budgeting is a fundamental asset for managing money that encourages people to monitor spending, plan expenses, and achieve financial goals. But we still do not know how many students actually use or stick to a budget.

Not to mention, applicants' spending has drastically changed due to things such as digital payment methods like mobile banking apps, online shopping and even digital wallets. Despite these changes, there is still not enough evidence on the impact of how such digital tools influence students in budgeting and money management. Moreover, current studies have not examined the impact of peer pressure and family income on students' budgeting decisions while taking financial education as well as individual lifestyle choices into account simultaneously.

Apart from this, there are also no comparisons of budgeting behavior across groups of students. Gender, year of study, major and source of funds are some common aspects. Much of the research published to date has originated from wealthier nations, and it therefore becomes challenging to generalize those conclusions for students in contexts such as India, where there is much greater disparity both economically (richer vs poorer throughout) but also practically between life experiences.

This means that we require specialized research to examine students' budgeting behaviors, identify the constraints they experience with money and analyze what has an effect on their budgetary decisions. It is important to fill in these gaps with useful information, which this kind of study can do. This information could then support financial education programs and encourage students to manage their money better.

3.1. OBJECTIVE

- To measure how budgeting contributes to effective management of income and expenditures by students.
- To analyze the role of budgeting in curbing unnecessary spending habits.
- To find out if budgeting influences students in forming a habit of saving.
- To see how budgeting impacts the decision-making skills of students financially.
- To learn how budgeting helps you to spend your money on necessary and unnecessary expenses.
- To find out whether students are relieved from financial pressure by smart budgeting.

3.2. HYPOYHESIS

- H1: Financial literacy has a significant influence on students' personal budgeting behaviors.
- H2: The use of digital financial tools positively influences students' personal budgeting habits.
- H3: Family financial background significantly influences the personal budgeting habits of students.
- H4: Peer influence significantly affects the personal budgeting habits of students.

4. METHODOLOGY

A research methodology is a procedure through which researchers collect, analyze, and interpret data with the objective of achieving the goals of research. In the Personal Budgeting Habits of Students research study, a descriptive research design was employed to identify the habits of students in terms of budgeting, expenditure, savings, and money management. The choice of descriptive research is appropriate since it enables the collection of information regarding current behavior and views of the respondents without interfering with their conduct. The sources of data for this research study include both primary and secondary data sources. While primary data sources were obtained from the respondents themselves by distributing an online questionnaire through Google Forms, secondary data sources comprised books, journal articles, scholarly works, web pages, and other relevant publications concerning personal finances. The convenience sampling technique has been used for this research project. This type of sampling involves the selection of samples based on their availability. For this research study, 100 respondents were selected from undergraduate and postgraduate students of various learning institutions.

A structured questionnaire in the form of multiple-choice and opinion-based questions was used for data collection to study budgeting habits, expenditures pattern, saving behavior and financial concerns among students. Data were analyzed through tables, pie charts and bar graphs that presented clear information on the trends and patterns in the data of respondents. However, the study has its limitations, as useful as it is. Only 100 respondents and one area of study geographically restrict the generalization of results to a wider student population. In addition, the accuracy of the results depends on the honesty and sincerity of the respondents while answering the questionnaire. Time constraints also limited the scope of data collection, and the conclusions drawn are based entirely on the survey responses received, which may include individual biases and subjective opinions.

TABLE 1 Primary Source of Income of Students

Source of Income	Number of Respondents	Percentage (%)
Parents	75	74.5
Part-time Job	10	9.8
Scholarship	6	5.9
Other	9	9.8
Total	100	100.0

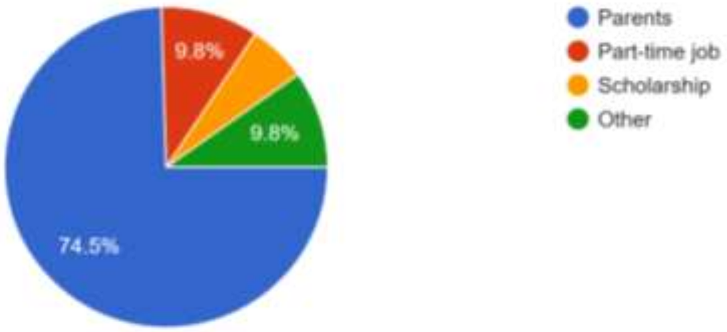

FIGURE 1 Primary Source of Income of Students

TABLE 2 Distribution of Respondents Based on Major Spending Area

Spending Area	Number of Respondents	Percentage (%)
Food	53	52.9
Shopping	20	19.6
Education	25	25.5
Entertainment	2	2.0
Travel	0	0.0
Total	100	100.0

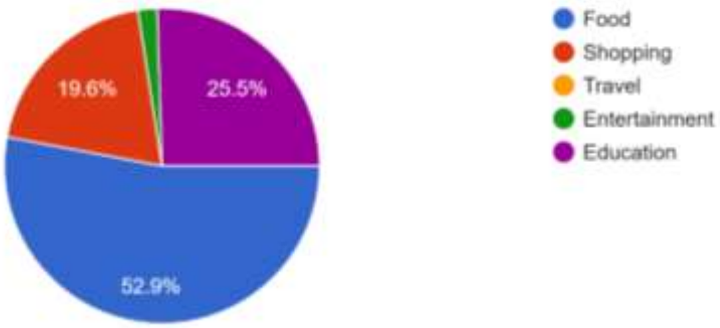

FIGURE 2 Distribution of Respondents Based on Major Spending Area

TABLE 3 Challenges Faced by Students in Managing Their Budget

Challenges Faced	Number of Respondents	Percentage (%)
Impulsive Spending Habits	28	27.5
High Cost of Living	24	23.5
Unexpected Expenses	41	41.2
Lack of Self-Control	7	7.8
Total	100	100.0

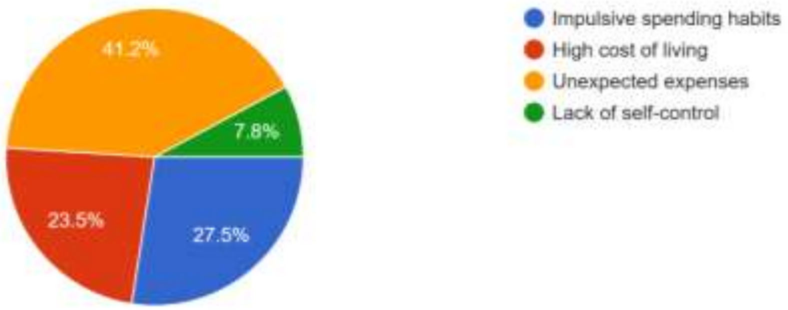

FIGURE 3 Challenges Faced by Students in Managing Their Budget

5. FINDINGS

- Most of the participants have appropriate budgeting practices and keep track of their finances, while some of the participants do not have any form of budgeting.
- Unforeseen expenses, impulsive expenditures, and the increasing living costs are the main barriers that prevent students from maintaining a budget.
- There are certain variables, such as the income of the family members, source of money, and education, that have an impact on the budgeting practices of the students.
- Budgeting and payments using digital devices are common among the participants and are essential in the tracking of expenditure.
- Participants require budgeting and financial literacy training to enhance financial skills.

6. CONCLUSION

Effective budgeting for oneself is a key financial management technique whose importance cannot be ignored in relation to the overall financial well-being of the students. According to the results of the research, despite an increasing number of financial obligations in the lives of students in today's world, there are still many issues that the youth face when trying to manage their finances in an efficient manner. The process of growing up and achieving financial independence involves several challenging moments, including making financial decisions about expenditures, savings, and priorities.

It should be noted that financial literacy and budgeting are closely related. On one hand, there is a common tendency among students to have knowledge concerning the main aspects of financial planning and financial management. On the other hand, this information does not ensure that students are able to use this knowledge effectively for budgeting in daily life. Many students find it difficult to control their expenses or follow the budgeting plan because of numerous obstacles related to their lifestyle or the influence of certain factors. These include social pressure, impulsivity, and the accessibility of various online payment systems.

Finally, another significant issue that has been discovered relates to the growing role of various online financial tools and applications. Indeed, applications that allow students to keep track of their finances or manage money become increasingly popular today. However, this trend may bring both benefits and problems. For example, these digital innovations can not only simplify financial management but also cause people to spend too much due to reduced psychological pressure when paying with cards. In other words, the use of digital tools is determined by students' ability to control their spending and understand what budget management means.

One more issue discussed by researchers in connection with the topic in question is the lack of appropriate financial education at various universities or colleges. This problem is related to the idea that most academic institutions pay attention to developing students' skills needed to build their careers but forget about financial issues. Consequently, young people should acquire relevant knowledge on how to manage their budgets independently, learning from their mistakes.

To conclude, personal budgeting is not only an essential financial practice but also a valuable life skill that plays a great role in students' academic performance, psychological condition, and economic stability in the future. The ability to manage money and budget wisely while being a student will result in increased financial security, decreased anxiety, and better savings and decision-making skills in future life. With modern finances growing more and more complicated due to the rise of digitization and shifting consumerism patterns, it has become vital for young people to have advanced skills in budget management. Hence, promoting students' financial education and responsible approach to budget planning should be prioritized in educational settings.

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