

# Spending and Saving Behavior of Afghan Students in Mangalore City, India

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**Abstract** – Many studies have been done so far internationally to determine how the youths mainly, University students manage their money. To the best of our knowledge, no one has yet studied Afghan students' spending and saving behavior. Therefore, this study investigates the saving and spending behavior of Afghan Students in Mangalore City, India. Three different categories of students, undergraduate, postgraduate, and research scholar, are taken into consideration. The study's main objective was to determine how the Afghan students manage their income and expenditure while pursuing higher studies in India. The study also aims to determine the reasons for savings and whether there is any significant difference in the three categories of respondents' spending patterns. Primary data was collected through a structured questionnaire and analyzed using various statistical tools such as descriptive statistics and ANOVA. It was found that there exists a significant difference in the spending pattern of the three groups of students. Besides, it was also noticed that male and female respondents have slightly different reasons for savings. The Afghan students were thrifty about spending money and had a relatively higher propensity to save by reducing their expenses, and they had the habit of paying fixed costs first. The study further revealed that the Afghan students have not been saving regularly. They were reluctant to shop if they were short of budget. Male students save their money for an emergency, education, and other unforeseen purposes. Female students save for an emergency, higher education, and increase the level of savings.

**Keywords** – Afghan Students, Behavior, India, Mangalore City, Saving, Spending.

## I. INTRODUCTION

Saving and spending are highly interrelated and considered as two sides of a coin. Resources are limited, whereas human wants are limitless. When one want is satisfied, the other appears [1]. The ability of a person to manage his money is essential to a successful life. Effective strategies for personal financial management are essential to all members of society. When it comes to youths, particularly college students, it is far more crucial since the youths are the backbone of society. The way they manage their saving and spending not only affects themselves but also society as a whole. Money management is vital because the eagerness to balance income and spending behavior is compelling. Besides, multiple individuals in the youth category start their first job leading to a career and face several new challenges. It can be challenging to sustain financial stability, which has long-term consequences in the community for youth and others. Youth's potential power of income generation and spending habits can affect youths ability in many ways, such as purchasing assets for themselves, pension plan, provision of a facility for their family members, and many other ways. Understanding the spending and economic status of youth and or young single adults is critically important for society as a whole, as it has significant economic structural consequences [2].

Many studies have been carried out globally to determine the financial literacy and money management skill

of college students. Similarly, a survey of how students spend or save their money when they are far away from their family and other relatives who control their expenditure would be a new approach. Therefore, this study explores how the students spend their money, what factors cause them to save their money. Finally, figuring out whether they need awareness about personal finance is essential both for themselves and others.

This study is focused on all Afghan students during the academic year 2019- 2020; the majority of them benefited from Indian Council for Cultural Relations (ICCR) scholarship.

### *Objectives of the Study*

This study is carried out to examine the spending pattern and the saving behavior of students. Further, the researchers attempted to determine if there is any difference between the spending pattern of UG, PG, and research students.

### *Hypothesis*

The hypothesis, there is no significant difference in the spending pattern of undergraduate, postgraduate, and research scholar is tested to examine the difference in spending and saving behavior of afghan students in Mangalore city, India.

## **II. SOURCES OF DATA AND RESEARCH METHODOLOGY**

This study is based on both primary and secondary data. Primary data was collected through a close-ended questionnaire from all 49 Afghan students (37 male and 12 female), including UG students, PG students, and research scholars present in Mangalore City, India, during 2019-20. Literature relates to the area of study has been gathered from published journal articles. Analysis of variance (ANOVA) and descriptive statistics are used to analyze data.

### *Sample of the Study*

This study considered all 49 Afghan students enrolled in UG, PG and research at Mangalore University, India. 75% of the respondents were male, whereas 25 % of them were female students. Undergraduates from 30% of the respondent, whereas postgraduate and research scholars were equally 35% each. The majority (70%) of the respondents benefited from scholarship opportunities, and the remaining 30 percent of them are self-financed students. 62% of them earned from 10,000 to 20,000 per month, while 25% get 20,000-30,000 per month.

## **III. LITERATURE REVIEW**

Investigated the spending pattern of youths aged between 15 – 30 years In Nigeria [3]. Based on his research, it was discovered that the most apparent variables of spending were fast food, phone expenses, movies, transportation, and shopping. From the data analysis, he inferred a significant dissimilarity in male and female youths' spending patterns. The researcher also made it clear that there was a positive association between the youths' pocket money and spending pattern. Found out that phone expenditure was very high among all other variables [4]. According to their findings, this is because students spent a high percentage of their money on gadgets, which is more expensive in Malaysia. Revealed that most students spend more than their savings [1]. Respondents prefer to save in their bank account rather than any other avenues of saving. Furthermore, they

concluded that the students save for emergencies and spend most of their money on transportation and educational purposes.

According to some researchers, the financial literacy of school students was very low. Further high school students both in the United States and Bermuda lack knowledge in stock and time value of money, and students learn from their parents more than school about financial knowledge. This study also revealed that female students tend to save more money than male students regularly [5]. According to [6], students of different educational levels spend their money differently in many categories. Among many different modes of spending, Fast food, phone expense, investment, shopping and transportation received a large portion of the expenditure in Aurangabad city, Maharashtra. They also state that girls spend more on cosmetics, beauty care, and shopping whereas, they do not spend on tobacco and alcoholic items.

In 2009, when the recession struck the globe, the researchers were keen to learn about teens' spending patterns and reactions to the recession. Seventy-five percent of teenagers acted in the same manner and spent the same way they spent the previous year. Research findings of [7] from seven countries, including India, showed that for three issues, i.e., teens are essentially based on saving. Clothes (57%), College (54%), and a Car (38%). The young generation never exercised basic financial skills, such as budgeting, creating a daily savings plan, or preparing for long-term needs [8].

Opine that different households have different ways of living and spending [9]. Further, they state that at the age of 18, the young person becomes more autonomous and starts earning and living independently from their parents' house in western culture. It is known as the transitional way of living of the young person. Investigated university students' budgeting and spending habits at a South African University [10]. Their research reveals that the majority of university students didn't have a budget on a written basis. They also observe that most of the students spend more money on fast food and groceries than other segments, and Male students are less likely to have a budget.

According to [11], the peer group significantly influences youth below 19 years old on the purchase decision. However, when respondents become more mature, the influence of friends and relative reduces since he/ she focus more on quality and features of products and hence, decides independently. Furthermore, the researcher noticed that youths tend to spend more on entertainment, eating out, gadgets and personal growth rather than saving.

Studied the transfiguration of college students' saving and spending habits attributed to internet banking [12]. She also opines that college students save less than spending due to the comfortability of online services. She suggests that college students' financial knowledge and awareness regarding their saving and spending should be increased since it is necessary to grow both the economy and individual.

Found that most respondents spend more than saving [13], but their spending avenues are different. Similarly, it was also noticed that most of the respondents know the importance of saving, and hence they keep a portion of their money, preferably in the bank account, as their habit. Also, male students spent more on entertainment, shopping, and transportation, while female students mainly spend their studies and tuition fees.

#### **IV. DATA ANALYSIS**

##### *Spending Behavior of Students*

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The respondents' responses clarify how they behave while they purchase or spend their money on different items.

Table 1. Spending Behavior of the Students.

Particular	N	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total	Mean
Compare Prices at the time of purchase	49	4.1%	10.2%	14.3%	32.7%	38.8%	100%	3.92
Adopting the Latest Fashion	49	12.2%	24.5%	30.6%	22.4%	10.2%	100%	2.94
Buying Expensive Item for personal use	49	10.2%	22.4%	24.5%	28.6%	14.3%	100%	3.14
Spending money on food comparatively	49	10.2%	22.4%	28.6%	26.5%	12.2%	100%	3.08
Having lunch at hotel or restaurant	49	18.4%	46.9%	12.2%	14.3%	8.2%	100%	2.47
Having dinner at home	49	12.2%	12.2%	4.1%	26.5%	44.9%	100%	3.80

*Source: Primary data N = 49.*

(Table 1) demonstrate that 71.5% of the respondents agreed or strongly agreed that they compare prices when purchasing something and 30.6% were neutral about adopting a new fashion. 42.9% buy expensive items for personal use, 38.7% agreed, and 28.57% were neutral in terms of spending money on food through comparison, 65.31% didn't have lunch at the hotel or restaurant, and finally, 71.43 % of the students were having their dinner at home or hostel. Most students spend their money wisely since they purchase items by comparing prices, buying inexpensive items, eating lunch and dinner in a hostel or home, and are less likely to use the latest fashion.

### *Saving Behaviour of students*

Table 2. Saving Behavior of Students.

Particular	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total	Mean
Being Thrifty	6.1%	12.2%	42.9%	24.5%	14.3%	100%	3.29
Only cash purchase	6.1%	12.2%	30.6%	30.6%	20.4%	100%	3.47
Buying without need	32.7%	30.6%	20.4%	8.2%	8.2%	100%	2.29
Reduce expense to save	8.2%	14.3%	22.4%	30.6%	24.5%	100%	3.49
Save Routinely	20.4%	26.5%	30.6%	14.3%	8.2%	100%	2.63
Paying fixed expense first	2.0%	16.3%	28.6%	22.4%	30.6%	100%	3.63

*Source: Primary Data N = 49.*

From (Table 2,) it is apparent that the majority (42.9%) of students were neutral about being thrifty. However, the mean score of 3.29 indicates that students are economical about spending money. 51% of them bought items only if they had cash, whereas 30.6% were neutral about cash purchase. Furthermore, the mean score (2.29) shows that most students did not prefer to purchase when they didn't need it. 55.1% of the respondents reduce

their expenses to save, and the majority (46.9%) of the respondents did not save routinely. Finally, 53% of students paid fixed costs first.

Overall, Most students were thrifty about spending money, reduced their expenses to save, and paid the fixed costs first. Similarly, most of the students did not purchase if they didn't need it. Further, they did not save routinely and did not buy if they didn't have money.

### *Testing the Null Hypothesis (Objective Three)*

The examination of the spending behavior of three categories of students and the test results are given below.

Table 3. Summary of the Null hypothesis One-way ANOVA.

Particular	Significance Level	Ho
Expense on Shopping	0.046440393	Rejected
Expense on Beauty Care	0.430205426	Accepted
Expense on Food	0.751825577	Accepted
Expense on Health Care	0.053479737	Accepted
Expense on Entertainment	0.380788007	Accepted
Expense on Education	0.100558812	Accepted
Expense on Phone	0.332463236	Accepted
Expense on Beverage	0.129402952	Accepted
Other Expense	0.688377967	Accepted

Source: primary data N = 49 alpha = 0.05

(Table 3) The study's hypothesis was tested to determine any significant difference in UG, PG, and RS students' spending behavior. This hypothesis was tested on 9 spending categories using one way ANOVA in IBM SPSS 25. The test result leads to acceptance of the null hypothesis in 8 categories of spending: beauty care, fast food, entertainment, education, phone beverage, and other expense since the P-value of all the 8 categories on spending was higher than the rule thumb (0.05). On the contrary, the null hypothesis was rejected in one category of the expenditure; shopping ( $p = 0.04$ ). This result indicates that Afghan students' spending habit in this city is significantly different in shopping among UG, PG, and RS students.

### *Purpose of Saving*

Saving purpose in both male and female respondents were taken into consideration. The following table shows the gender-wise saving purpose.

Table 4. Gender Wise Purpose of Saving.

Saving Purpose	N	Male %	Female %	Average
As habit	49	5.5%	0.0%	2.75%
For higher Studies	49	18.2%	15.4%	16.8%

Saving Purpose	N	Male %	Female %	Average
To have more money	49	9.1%	15.4%	12.25%
For emergency	49	45.5%	61.5%	53.3%
For other purposes	49	21.8%	7.7%	14.75%
Total		100.0%	100.0%	

*Source: Primary Data N = 49.*

(Table 4) shows that most male students (45.5%) save their money for an emergency, 21.8% keep their money for other requirements, 18.2% save for higher studies, and 9.1% save to have more money. In contrast, 61.5% of female respondents save for an emergency, and 15.4% save equally for both higher education and own more money, and finally, 7.7% of female students save for other reasons. Meanwhile, habit plays only a 5% role in male saving but has nothing to do with female respondents' saving.

The main reasons for saving male respondents are emergency, other purposes, and higher education, while emergency, higher education, and having more money are the main saving reasons for female students.

### **V. ADDITIONAL INFORMATION ABOUT THE SPENDING PATTERN OF STUDENTS BASED ON EACH CATEGORY**

Table 5. Category Wise Expenditure of the Students as Overall Percentage Expense

Particular	Undergraduate	Postgraduate	Research Scholar	Average
Shopping	13.4%	18.1%	20.3%	17.3%
BeautyCare	6.6%	6.2%	6.9%	6.6%
fast Food	7.8%	11.2%	10.2%	9.8%
Health Care	11.8%	9.8%	8.2%	9.9%
Entertainment	9.8%	9.4%	8.4%	9.2%
Education	17.4%	15.3%	15.1%	15.9%
Phone	11.4%	8.9%	8.7%	9.7%
Bevarage	10.2%	7.6%	9.1%	9.0%
Other	11.4%	13.5%	13.2%	12.7%
Total	100.0%	100.0%	100.0%	100.0%

*Source: Primary Data N = 49.*

(Table 5) shows that most undergraduate students spend their highest percentage of money (17.4%) on educational purposes, 13.4% on shopping, 11.8% on health care, and 11.4% equally on the phone and other expenses. Beverage, entertainment, fast food, and beauty care respectively consist lower percentage of total expenditure. Most of the postgraduate students spend their considerable amount of money (18.1%) on shopping, education (15.3%), other costs (13.5%), fast food (11.2%), beverage (7.6%), and 8.9%, 9.4%, 6.2% on phone, entertainment, and beauty care respectively. Research scholars spend 20.3% of their total income on shopping,

and this might be because some of the research scholars live along with their families. 15.1% on educational purposes and 13.2% on other expenses. Further, they spend 10.2% of their income on food, and a smaller portion of their money is spent on health care, phone, entertainment, beverage, and beauty care expenditures. The study results inferred that undergraduate students spend a significant amount of their money on educational purposes, whereas postgraduate and research scholar spends on shopping.

## VI. FINDING AND DISCUSSION

- Almost most of the students had more tendency to pay less due to the comparison of prices, purchase of less expensive items, eating food indoor, and sticking to the typical fashion.
- Undergraduate students spend more on educational purposes and shopping respectively. In comparison, postgraduate and research scholars spend more on shopping and educational needs. Surprisingly, [6] found that respondents believe in spending more on entertainment, gadgets, eating out, and personal grooming. It shows a contradictory result regarding the present findings.
- Students were more likely to save money by reducing expenses, payment of fixed cost first, and lack of purchase of unnecessary items. Inconsistent with [5] results, our study found that most students did not regularly save their money.
- Further, there was no significant difference in UG, PG, and research scholar's spending pattern in 8 categories of expense. However, there was a substantial difference in shopping. In a similar study by [6], there was a significant difference among the three groups of students, particularly healthcare and shopping.
- Emergency requirements, other purposes, and higher studies are respectively the main reasons for saving of male students while female students save their money for emergencies, higher studies, and to have more money. This result is slightly consistent with the finding of [1], which state that future safety and maintaining emergency fund are the main factors of saving.

## VII. CONCLUSION

This study's primary purpose was to investigate Afghan students' spending and saving behavior in Mangalore City, India. The majority of Afghan students earn more than Rs (Indian Currency). Twenty thousand per month, and the primary source of their income was their scholarship stipend. It is also revealed that UG students spend more on educational purposes whereas PG students and research scholars on shopping. The study also revealed that most students save by reducing expenses, paying fixed charges first, purchasing only needed items, and cash purchasing. Moreover, it was also observed that there is a significant difference in PG, UG, and RS spending behavior in shopping. Lastly, the authors found that the three main reasons behind saving male and female students were emergency, other purposes, and higher education.

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