

FINANCIAL LITERACY AND POCKET MONEY MANAGEMENT AMONG COLLEGE STUDENTS: A CASE STUDY OF GOVT. DANTESHWARI PG COLLEGE, DANTEWADA

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ABSTRACT

This research paper presents a comprehensive analysis of the financial literacy levels, income sources, and pocket money management strategies among students at Government Danteshwari PG College, Dantewada, in the Bastar region. The study uniquely captures a tribal-dominated demographic, where 69.2% of the 104 respondents belong to the Scheduled Tribe (ST) category. Through rigorous primary data analysis, the study reveals that while theoretical financial confidence is high, practical execution falters. The transition to frictionless digital payments (with 57.7% primarily using UPI) has catalyzed impulsive buying behavior, significantly escalating expenditures even among those who claim immunity to peer pressure. Additionally, a Chi-Square test ($\chi^2 = 10.64$, $p = 0.1002$, $df = 6$) at a 90% confidence level is statistically suggestive but not significant regarding the link between 'self-earned income' and 'financial discipline,' lending support to Richard Thaler's Mental Accounting theory. Despite behavioral gaps, a highly positive trend emerges with 94.2% of students exhibiting saving habits, highlighting a latent drive for self-reliance and future financial planning.

Keywords: Financial literacy, pocket money management, digital payments, impulsive buying, financial discipline, Mental Accounting, Behavioral Economics, tribal demographics.

INTRODUCTION

Proper financial management and the prudent use of pocket money during student life lay the foundation for long-term economic stability. In the current economic scenario, the rapid penetration of Unified Payments Interface (UPI) and digital wallets has made financial transactions extremely frictionless, thereby altering the spending behaviors of young adults. This study systematically examines how college students in the remote Bastar region manage their monthly allowances, assesses their actual degree of financial literacy versus perceived knowledge, and investigates the impact of their 'source of income' on budget discipline. This

research primarily analyzes the quantitative impacts of impulsive buying driven by cashless environments and identifies critical gaps in practical financial literacy. Prior research on Indian university students has similarly documented a persistent gap between financial attitude and actual financial behavior, as well as generally modest levels of practical literacy despite growing financial awareness [1,2].

LITERATURE REVIEW

To establish a robust theoretical foundation for this research, authentic and previously published studies related to financial behavior and digital payments were reviewed:

- **Mental Accounting:** Nobel laureate Richard Thaler's (1999) theory explains that individuals evaluate spending differently based on the source of the money [3]. This study points to a possible behavioral distinction in budgeting patterns between 'self-earned income' and 'allowances received from parents.'
- **Cognitive Dissonance:** Leon Festinger's (1957) psychological theory applies when there is a contradiction between belief and behavior [4]. In this study, the behavior of students who deny being influenced by 'peer pressure' yet spend heavily on entertainment via digital modes is a practical manifestation of this theory.
- **Illusory Superiority (Dunning-Kruger Effect):** Psychological research shows that individuals with limited ability in a domain often overestimate their own competence, since the same lack of skill that produces poor performance also impairs the ability to recognize it [5]. This study's data reflects a similar pattern, wherein students who confidently rate their own financial literacy at the maximum level often perform poorly in actual budgeting practice.
- **Digital Payments & Impulsive Buying:** Research by Jency Francis (2026) in the 'Asian Journal of Management and Commerce' suggests that UPI payments have substantially reduced the psychological 'pain of paying'[6]. Francis's study suggests that frictionless payments may significantly increase impulsive buying tendencies among the youth.
- **Digital Inclusion in Rural/Tribal Areas:** A recent study by Rakshit Bagde (2026) highlights that the expansion of UPI in Tier-3 and rural areas promotes financial inclusion [7]. However, in the absence of robust financial literacy, it also breeds new behavioral challenges, which are starkly evident in this current study of the Bastar region.

OBJECTIVES OF THE STUDY

The primary objectives of this research paper are as follows:

- To critically evaluate the practical financial literacy and daily money management skills of college students in the tribal and remote areas of Bastar.
- To investigate the impact of students' sources of income (parental allowance vs. self-earned) on their financial discipline from the perspective of the 'Mental Accounting' theory.

- To assess the impact of frictionless digital payments (UPI) on the impulsive buying behaviors of students.
- To measure the gap between students' self-assessed financial knowledge (the 'Dunning-Kruger effect') and their actual execution of financial tasks like budgeting and tracking expenses.

RESEARCH METHODOLOGY

This research employs a descriptive and analytical methodology. The primary data was collected through a structured online survey administered via Google Forms. The sample size consists of 104 students from Government Danteshwari PG College, Dantewada, selected via convenience sampling. Adhering strictly to research ethics, informed consent was obtained from all respondents, ensuring complete confidentiality of personally identifiable information. Data was analyzed using scientific statistical tools, including cross-tabulation, percentage analysis, and Chi-Square tests to evaluate hypotheses rigorously.

DEMOGRAPHIC AND INCOME PROFILE

The database (N=104) accurately reflects the distinct demographic distribution of the region. The gender ratio is balanced with 51.9% females and 48.1% males. Socially, it is a tribal-majority representation, with 69.2% belonging to the Scheduled Tribe (ST) category, 21.2% OBC, and the remainder from SC and General categories, a composition broadly consistent with financial-literacy patterns previously reported among tribal populations elsewhere in Chhattisgarh [8]. Academically, the highest representation is from the Science stream (44.2%), followed by Arts (27.9%) and Commerce (19.2%), and 8.7% from other streams.

In terms of living arrangements, 57.7% of the students reside away from home (31.7% in college hostels and 26.0% in rented rooms/PGs), necessitating independent financial management. When examining income sources, 43.3% rely on parents/guardians, 26.0% on scholarships, and a notable 18.3% manage through part-time jobs or tuitions. The monthly monetary volume is relatively constrained, with 38.5% receiving less than ₹500, and only 19.2% receiving upwards of ₹2000 per month.

Table 1: Demographic and Income Profile of Respondents (N = 104)

Variable	Category	n	%
Gender	Female	54	51.9%
	Male	50	48.1%
Social Category	Scheduled Tribe (ST)	72	69.2%
	OBC	22	21.2%
	SC	7	6.7%
	General	3	2.9%
Academic Stream	Science	46	44.2%
	Arts	29	27.9%
	Commerce	20	19.2%
	Other	9	8.7%
Living Arrangement	Home with Parents	44	42.3%
	College Hostel	33	31.7%

	Rented Room/PG	27	26.0%
Primary Income Source	Parents/Guardians	45	43.3%
	Scholarship	27	26.0%
	Part-time Job/Tuition	19	18.3%
	Other	13	12.5%
Monthly Pocket Money	Less than ₹500	40	38.5%
	₹500 – ₹1000	27	26.0%
	₹1001 – ₹2000	17	16.3%
	More than ₹2000	20	19.2%

DATA ANALYSIS AND STATISTICAL INTERPRETATION

A. Source of Income & Financial Discipline (Mental Accounting)

The quantitative data indicates a possible positive correlation between ‘self-earned income’ and financial discipline, lending some support to the ‘Skin in the Game’ concept. Among students generating part-time income, 47.36% successfully maintain a budget, and remarkably, 0% completely abstain from the practice. The remaining 52.64% attempt to budget but face occasional execution failures. Conversely, 20% of students relying entirely on parental allowances make absolutely no attempt to budget. This makes Thaler’s Mental Accounting framework more probable: money acquired through personal labor may be treated with higher fiscal respect and discipline than ‘gifted’ money, consistent with evidence that mental budgeting and self-control jointly shape financial wellbeing [9].

Table 2: Cross-tabulation of Income Source and Budgeting Habits (N = 104)

Income Source	No	Try but Usually Fail	Yes	Row Total
Part-time Job/Tuition	0	10	9	19
Scholarship	8	9	10	27
Parents/Guardians	9	16	20	45
Other	1	3	9	13
Column Total	18	38	48	104

Statistical Note: A Chi-Square test cross-tabulating ‘source of income’ and ‘budgeting habits’ yielded an exact P-value of 0.1002 ($\chi^2 = 10.64$, $df = 6$). This does not cross the strict 0.05 academic threshold for statistical significance, so the result is best described as statistically suggestive but not significant: it points to a possible link between income source and budget adherence without confirming one. It should also be noted that one cell in this 4×3 contingency table has an expected frequency below 5 (2.25), a mild violation of the standard chi-square assumption. Together, these factors mean the finding should be treated as indicative rather than conclusive, warranting larger-scale future exploration with a bigger sample.

B. The Knowledge-Action Deficit (Dunning-Kruger Effect)

The study exposes a sharp contradiction between perceived financial literacy and actual behavior. Out of the total cohort, a significant portion (42 students) rated their financial literacy at the maximum level (5/5). However, a deep dive into this ‘highly literate’ subset reveals that 47.62% of them fail to adhere to a budget in practical life. Furthermore, overall

data shows that only 31.7% of students track their daily expenses ‘always,’ with the majority (55.8%) doing it only ‘sometimes.’ Interestingly, 29.8% use neither a mobile app nor a diary to track funds. This reveals a clear Dunning-Kruger effect, where students overestimate their theoretical financial knowledge while lacking the discipline for practical execution.

C. Digital Payments and Impulsive Buying

The transition to a cashless economy has profoundly impacted student spending. UPI is now the dominant transaction medium, utilized by 57.7% of the respondents, leaving cash at 26.9%. The data suggests a possible escalation in expenditure linked to this digital shift. To test behavioral biases, researchers isolated a specific cohort of 30 students who adamantly claimed they “not at all” increase spending due to peer pressure or lifestyle emulation. However, paradoxically, 83.33% of this very cohort admitted that the sheer convenience of digital payments (UPI) has escalated their spending. Furthermore, this cohort allocates a massive 33.33% of their pocket money toward ‘entertainment and shopping.’ This makes it probable that frictionless digital wallets act as a primary catalyst for impulsive buying, possibly bypassing rational budget constraints, a pattern consistent with recent evidence on UPI-driven overspending through a reduced ‘pain of paying’ [10] and the psychological ‘Spendception’ effect through which digital payments lower resistance to spending and mediate impulse buying [11].

D. Saving Habits and Future Readiness

Despite budgeting flaws, the propensity to save is overwhelmingly positive. A staggering 94.2% of the students save money from their allowances (38.5% regularly, 55.8% sometimes). The motives behind these savings show maturity: 48.1% save primarily for ‘emergencies,’ and 27.9% for ‘the future,’ outperforming superficial goals like buying expensive gadgets (19.2%). Moreover, there is a strong drive towards self-reliance; 72.1% of students are either already engaged in or are actively planning to undertake part-time jobs or freelancing during their studies. When queried on what financial skills they wish to learn (respondents could select more than one option), 54.8% of students (57 of 104) selected “Smart ways to save money,” followed by “Creating and sticking to a budget” at 26.9% (28 of 104).

RECOMMENDATIONS

Based on the patterns observed in the primary data, the following actionable recommendations are proposed:

Table 3: Financial Skills Students Wish to Learn (multiple selections allowed, N = 104)

Financial Skill	Respondents (of 104)	%
Smart ways to save money	57	54.8%
Creating and sticking to a budget	28	26.9%
Security of digital transactions	22	21.2%
Basics of investment	17	16.3%
Debt and loan management	6	5.8%
None of these	4	3.8%

- **Shift from Theoretical to Practical Financial Education:** Since 47.62% of students who rated their own financial literacy at the maximum level (5/5) still fail to maintain a budget in practice, workshops should prioritize hands-on budgeting exercises and real-expense simulations over classroom theory alone.
- **Encourage Structured Self-Earning Opportunities:** Students with self-earned income budget considerably better (47.36% budget successfully) than those solely dependent on parental allowances (20% of whom make no attempt at all). Colleges and parents should encourage supervised part-time work, campus internships, or stipend-linked responsibilities to build financial ownership early.
- **Introduce UPI-Linked Spending Safeguards:** Among students who deny being influenced by peer pressure, 83.33% still saw a rise in spending due to UPI's convenience. The institution should promote awareness of in-app spending limits, expense-tracking features, and cooling-off prompts on digital wallets to counter impulsive buying.
- **Prioritize Curriculum Content by Demonstrated Demand:** Workshop design should follow students' own stated priorities: 'Smart ways to save money' (54.8%), 'Creating and sticking to a budget' (26.9%), and 'Security of digital transactions' (21.2%), rather than spreading equal focus across all financial topics.
- **Facilitate Structured, Regular Saving Mechanisms:** Although 94.2% of students already save, only 38.5% do so regularly. Tie-ups with banks for student recurring-deposit accounts or automated micro-savings schemes could convert this latent intent into a consistent habit.
- **Contextualize Content for Tribal and First-Generation Learners:** With 69.2% of respondents from Scheduled Tribe backgrounds, financial literacy material should be delivered in accessible, locally relevant language and examples to ensure genuine practical comprehension rather than rote familiarity. Since 57.7% of students already live away from home in hostels or rented rooms, this content should also specifically cover 'Independent Living Expenses,' such as managing rent, groceries, and utility bills, rather than focusing only on generic saving and budgeting concepts.

LIMITATIONS AND DIRECTIONS FOR FUTURE RESEARCH

A. Limitations

- **Sample Size & Sampling Method:** The data of 104 students reflects an overall trend within the specific institution. Due to 'convenience sampling,' these results should be generalized to the entire university or state population with caution.
- **Self-Reporting Bias:** The survey heavily relies on self-reported data (e.g., self-rating financial literacy), which introduces the potential for inherent biases such as overconfidence or social desirability.
- **Cross-Sectional, Correlational Design:** The Chi-Square analysis also involved one contingency-table cell with an expected frequency below 5, a mild statistical caveat

noted earlier. Combined with the single-institution, single-point-in-time design, this means no causal claims can be made about income source driving budgeting behavior; only an association is indicated.

B. Directions for Future Research

- **Multi-Institutional, Larger-Sample Studies:** Extending this survey across multiple colleges and districts within the Bastar region, and comparing tribal versus non-tribal cohorts, would help validate whether the patterns observed here generalize beyond a single institution.
- **Verification Against Actual Transaction Data:** To overcome self-reporting bias, future studies could supplement survey responses with anonymized bank or UPI transaction records to validate self-reported budgeting and spending behavior.
- **Larger Samples or Exact Tests for Statistical Rigor:** Given the small-expected-frequency limitation identified in the current Chi-Square test, future studies should use a larger sample size or apply Fisher's Exact Test to more robustly examine the income-source and budgeting-discipline relationship.
- **Qualitative Exploration of the Knowledge-Action Gap:** Structured interviews or focus groups could help explain why theoretically confident students (rated 5/5) still fail to budget in practice, adding depth to the Dunning-Kruger finding uncovered here.
- **Longitudinal, Intervention-Based Designs:** Future work could test the effectiveness of the recommendations proposed in this study (e.g., practical budgeting workshops, UPI spending safeguards) through pre-/post-intervention comparisons over an academic term.

CONCLUSION

This study conducted on the students of Government Danteshwari PG College presents a nuanced picture of the financial behavior of youth in a tribal-dominated region like Bastar. The study suggests that financial literacy among students may remain largely theoretical. Although a large portion of students rated their financial literacy at the highest level (5/5), nearly half of them were found faltering on the front of practical budget management.

Digital payments (UPI) have eliminated the friction associated with cash transactions. The most startling revelation is that among the students who claim to be completely immune to 'peer pressure', 83.33% have seen a massive increase in their spending solely due to the ease of UPI. This makes it probable that the convenience of digital wallets is acting as a potent catalyst for 'impulsive buying.' Furthermore, the "Skin in the Game" principle appears to hold true here, as students engaged in part-time jobs emerged as notably more proficient in budget management compared to those entirely dependent on parental funds.

However, the study also reveals a highly positive and promising trajectory. A staggering 94.2% of students practice saving, predominantly to safeguard against 'emergencies' (48%), reflecting inherent financial foresight. Moreover, with over 72% of the demographic actively pursuing or planning part-time employment, there is a clear drive toward self-reliance.

Ultimately, with 54.8% of students expressing a strong desire to learn “Smart ways to save money,” it is evident that students do not want to be confined to textbook knowledge. It has become imperative for colleges to introduce structured workshops focusing on ‘Practical Personal Finance,’ ‘Digital Spending Discipline,’ and ‘Investment Basics’ to fully equip these students for real-world economic challenges.

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