

# Navigating the Spender's Dilemma: A Study of Financial Discipline in Discretionary Spending among Employed Youth in Amravati

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## Abstract

This study analyzes the relationship between financial discipline and discretionary spending among employed youth in Amravati. With the rise of digital payments, social media influence, and easy credit access, managing non-essential expenses has become challenging. The research uses a descriptive design and is based on primary data collected from 200 respondents aged 22–30 through a structured questionnaire.

The findings show that while youth actively spend on lifestyle activities like travel and dining, they maintain financial discipline mainly through mental budgeting and impulse control. Statistical results confirm a significant negative relationship between financial discipline and discretionary spending. However, digital payment convenience and social media advertising increase spending tendencies. The study highlights the need for practical financial discipline and behavioural strategies to promote better financial management among youth.

## Keywords:

Financial Discipline, Discretionary Spending, Youth Behaviour, Digital Payments, Social Media Influence, Financial Literacy, Impulse Buying

## 1. Introduction

### 1.1 Overview and background of the study

Young adults are in the "spender's dilemma" - how to manage a balance between future financial security and current discretionary expenditure. These factors are made worse by

digital and social media-driven lifestyle influences, making for a disconnect between financial literacy and behaviour (Mutagekar et al., 2024). While young people understand the value of saving, spending and credit issues are still common due to the significant influence of peers, culture and psychology (NCFE, 2015). This research seeks to fill the gap in dedicated studies on the dynamic relationship between financial discipline and discretionary spending in the digital age, to guide financial education and policy.

### 1.2 Research Problem

Young adults, despite their foundational financial literacy, are facing an increasing challenge with discretionary spending and are at greater financial risk as a result of the convenience of online shopping and the influence of their peers.

### 1.3 Objectives of the Study

- To understand the patterns of discretionary spending among youth.
- To assess the level of financial discipline exercised in discretionary spending.
- To identify key factors influencing discretionary spending behaviour.
- To explore challenges youth face in controlling discretionary expenses.
- To recommend strategies for improving financial discipline in discretionary spending.

### 1.4 Statement of Hypothesis

#### Hypothesis 1: Relationship

**H<sub>0</sub> (Null):** There is no significant relationship between financial discipline and discretionary spending.

**H<sub>1</sub> (Alternative):** There is a significant relationship between financial discipline and discretionary spending.

## **Hypothesis 2: Practice of Financial Discipline**

**H<sub>0</sub> (Null):** Youth do not adhere to financial discipline in their spending.

**H<sub>1</sub> (Alternative):** Youth adhere to financial discipline in their spending.

### **1.5 Scope of the Study**

**Sample Group:** Amravati's working youth (22-30 years) including both white-collar and blue-collar workers.

- **Topic:** Consumer spending on discretionary items (entertainment, clothes, restaurants, hotels, travel and so on).

- **Geographical Area:** Amravati.

- **Time Frame:** October 2025 to March 2026.

- **Considerations:** Consumer spending, financial discipline and socio-psychological aspects of discretionary spending.

- **Excluded:** Basic expenses (housing, utilities), long-term investment, institutional financial education and age or geographic demographic outside of the identified target.

## **2. Review of Literature**

### **2.1 Literature Review**

The literature review on young people's financial behaviours shows a number of interrelated themes surrounding discretionary spending, online influence and the knowledge-behaviour gap of financial literacy:

- **Knowledge-Behaviour Gap:** Financial knowledge doesn't necessarily translate to financial discipline. New research on Generation Z stresses that financial knowledge alone is not enough; it needs to be put to practice in terms of regular financial planning, such as budgeting and saving, to manage discretionary spending (Rodriguez, Labong, & Palallos, 2024).

- **Internal Psychological and Emotional Factors:** Rationality in financial planning is often taken over by emotions. Social comparison, identity building and the "feel-good" effect of spending are major factors in discretionary spending; each presents a significant obstacle to financial behaviour (Celestin & Vanitha, 2021).

- **Influence of Digital Media and Peers:** Socialisation agents heavily influence youth

spending. Although parents still play a role, peers and digital media exert an extremely strong influence on discretionary spending (LeBaron-Black et al., 2023). And social media through influencer culture and targeted advertising not only reinforces peer pressure but also promotes a culture of over-the-top lifestyles around the world (Lin, 2023).

- **The Indian Context:** The above has a clear reflection in the local Indian environment. One study on youth in urban Maharashtra (Aurangabad) revealed a high tendency to spend on lifestyle, entertainment and fashion, influenced by peer pressure and the need for instant gratification; they showed low levels of saving (Birari & Patil, 2014). This justifies the current study, which examines youth in Amravati.

In these areas, it is clear that contemporary youth discretionary expenditures is a combination of psychological need, electronic influence and an acute deficit of behavioural financial skills.

### **2.2 Research Gap**

Current studies have mainly looked at students in big cities and individual financial factors. The current research tackles these issues by focusing on an under-researched population employed youth in semi-urban Amravati and how financial literacy, self-control and the socio-digital environment interact to affect their consumption.

## **3. Research Methodology**

### **3.1 Research Design**

The study will be using a descriptive research design to gain information and describe the pattern of non-essential expenses and financial discipline adopted by the working youth. This design is appropriate because the research will be limited to the description of their behaviour and associated factors, but the study will not interfere in any way, therefore it will be able to explain how discretionary expenses are being managed by the employed youth.

### **3.2 Data Sources**

This study utilizes both primary and secondary data sources:

- **Primary Data:** Collected from employed youth through structured surveys and interviews.

- **Secondary Data:** Gathered from academic journals, published reports, and existing research to corroborate the findings and provide context.

**Sample unit:** Youth aged 22-30 years employed.

**Sampling Technique:** Stratified sampling technique as shown in table 3.1.

**Table 3.1: Stratified Sample Distribution Based on Monthly Income**

### 3.3 Sample Design

**Sample size:** 200 respondents.

Income Group (Monthly)	Proportion	Planned Sample (n)
Low Income (Below ₹20,000)	40%	80
Middle Income (₹20,000 - ₹40,000)	40%	80
High Income (Above ₹40,000)	20%	40
<b>Total</b>	<b>100%</b>	<b>200</b>

### 4. Data Analysis and Interpretation

The following analysis presents the consolidated data for all research objectives (N=200), followed by the formal hypothesis testing results.

#### Consolidated Objective Analysis

The table 4.1 below summarizes youth behaviour across the four dimensions of the study.

This table presents an overall view of youth financial behaviour across four areas spending patterns, financial discipline, influencing factors, and management challenges. It shows that youth prefer experiential spending (like travel and dining), maintain good financial discipline mainly through mental tracking, are moderately influenced by social media and brand image, and face challenges due to easy digital payments (UPI) and seasonal expenses.

**Table 4.1: Comprehensive Summary of Research Objectives**

Research Objective	Overall Mean	Key Findings & Drivers
Objective 1: Spending Patterns	2.25	Spending is experiential; Leisure travel (2.68) and Dining out (2.67) are top priorities, while digital subscriptions (1.15) are minimal.
Objective 2: Financial Discipline	3.37	High adherence to discipline; youth rely on mental accounting (3.53) and impulse control (3.44) rather than formal budgeting.
Objective 3: Influencing Factors	2.67	Moderate influence; Social media ads (3.05) and brand image (2.96) are stronger drivers than direct peer pressure or FOMO (2.25).
Objective 4: Management Challenges	3.08	Primary barriers are structural: Digital payment convenience/UPI (3.29) and seasonal spending during festivals (3.26).

#### Synthesis:

Data indicates that while youth engage in discretionary categories, they maintain a disciplined mindset. Discipline is primarily cognitive (mental tracking) rather than formal. However, this demographic remains vulnerable to the "frictionless" nature of digital transactions (UPI) and targeted algorithmic advertising.

#### Hypothesis Testing Results

Inferential statistics were utilized to validate the relationships and behaviours observed in the sample.

The table 4.2 summarizes the statistical testing of the study's hypotheses. It shows that financial discipline has a significant but weak negative impact on discretionary spending (H1), and that youth significantly practice financial discipline above the average level (H2), as confirmed by statistical tests.

**Table 4.2: Hypothesis Testing Summary**

Hypothesis	Statistical Test	Test Statistic	P-Value	Result
H1: Relationship between Discipline and Spending	Pearson Correlation	$r = -0.168$	0.016	Null Rejected; Alternate Accepted

H2: Practice of Financial Discipline	One-Sample t-test	t = 7.20	< 0.001	Null Rejected; Alternate Accepted
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### Interpretation of H1:

The Pearson correlation confirms a statistically significant negative relationship ( $p < 0.05$ ), meaning higher financial discipline effectively reduces discretionary spending. However, with an  $r$  value of  $-0.168$ , the test statistic is considered very weak. Specifically, the coefficient of determination ( $r^2$ ) indicates that only about 2.8% of the variance in discretionary spending is explained by financial discipline. This suggests that while discipline is a valid deterrent, approximately 97% of spending behaviour is driven by other contributing factors such as social media influence, digital payment convenience, or emotional triggers that were not captured in this specific correlation.

### Interpretation of H2:

The one-sample t-test compared the aggregate discipline score against a neutral baseline of 3.0. The result ( $p < 0.001$ ) shows the mean of 3.37 is significantly higher than the midpoint, providing empirical evidence that youth in this study proactively adhere to financial discipline in their daily habits.

### 5. Conclusion

The study finds that youth maintain a balanced financial profile, practicing high cognitive discipline despite frequent experiential spending on travel and dining. Their reliance on "mental guardrails" and impulse control effectively mitigates financial risk, though they remain vulnerable to the frictionless nature of UPI payments and targeted social media marketing.

The acceptance of both research hypotheses confirms that internal financial discipline is the primary deterrent to overspending. Consequently, financial literacy efforts should prioritize psychological strategies for managing digital consumption triggers and payment convenience over traditional paper-based budgeting.

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