

Financial Behaviour of Households: A Study on Saving and Spending Patterns in Nagapattinam District

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Abstract: This study examines the saving and spending behaviour of households in Nagapattinam District, with a focus on the factors influencing financial decisions and money management practices. The study is based on primary data collected from 150 respondents through a structured questionnaire using the simple random sampling method. Statistical tools such as percentage analysis, chi-square analysis, correlation analysis, and one-way ANOVA were used to analyse the data. The findings reveal that most respondents regularly save a part of their income and prefer financial practices such as monthly budget planning, bank deposits, and gold savings for future security. The study also found that income level has a significant relationship with regular saving habits, while educational qualification significantly influences money management skills. Factors such as inflation, family responsibility, and changes in income were also found to affect household financial behaviour. The study concludes that income, education, and financial awareness play an important role in shaping the saving and spending behaviour of households.

Keywords: Saving Behaviour, Spending Behaviour, Household Finance, Financial Behaviour, Money Management, Nagapattinam District.

I. INTRODUCTION

Saving and spending behaviour are important aspects of household financial management. The financial decisions made by households influence their standard of living, future security, and overall economic stability. In recent years, changes in income levels, inflation, cost of living, and financial awareness have significantly affected the saving and spending patterns of people.

Savings help households meet future needs, manage emergencies, and achieve long-term financial goals. At the same time, spending behaviour reflects the priorities and lifestyle of households. Effective financial planning and controlled spending habits are essential for maintaining financial stability. Factors such as income, education, occupation, family responsibility, and financial knowledge play an important role in shaping household financial behaviour.

In India, household saving behaviour has changed considerably due to economic development, urbanization, technological growth, and changing consumption patterns. Many households now prefer different saving instruments such as bank deposits, insurance policies, and gold investments for financial security. However, increasing living expenses and unexpected financial situations also influence spending decisions and reduce saving capacity among some households.

Nagapattinam District was selected for the study because it consists of households with different income levels, occupations, educational backgrounds, and residential areas such as urban, semi-urban, and rural regions. These differences create variations in financial needs, saving habits, and spending patterns among households. Understanding the financial behaviour of households in this district helps identify the financial practices, priorities, and challenges faced by people in managing their income and expenses.

The present study focuses on analysing the saving and spending behaviour of households in Nagapattinam District. The study also examines the influence of factors such as income, educational qualification, family responsibility, and financial planning practices on household financial behaviour. The findings of the study help in understanding the financial habits of households and the factors influencing their saving and spending decisions.

II. RESEARCH GAP

Most previous studies have mainly focused on household saving behaviour, financial planning, and investment practices in general or urban areas. Several studies examined the influence of income, financial awareness, and economic conditions on saving habits. However, limited studies have focused on both saving and spending behaviour of households together in Nagapattinam District. In addition, changes in financial practices, money management behaviour, and household expenditure patterns require further analysis in the present economic situation. Therefore, the present study attempts to examine the saving and spending behaviour of households in Nagapattinam District and understand the factors influencing their financial decisions.

III. REVIEW OF LITERATURE

1. Several studies have examined the factors influencing household saving and spending behaviour. Income is considered one of the major determinants of saving behaviour, as higher income generally increases the ability of households to save for future needs and financial security (Deaton, 1991; Modigliani, 1986).
2. Studies have also shown that inflation, rising living costs, and economic instability influence household spending and saving decisions (Friedman, 1957).
3. Arivazhagan and Arulraj (2026) analysed the perception of investors towards savings and investment practices in Thanjavur District. The study found that income level, financial awareness, and personal preferences influence saving and investment decisions among individuals. The research also highlighted that people prefer safer investment options for long-term financial security and stable financial management.
4. Kavitha and Suryadevi (2025) studied personal financial planning and financial well-being among individuals. The study revealed that people with better financial planning practices are able to manage their spending and savings more effectively. The research also emphasised the importance of financial awareness in improving money management skills and financial stability.
5. A study on household spending and saving behaviour during uncertain economic conditions found that people tend to increase savings and reduce unnecessary spending in order to protect themselves from financial risk and future uncertainty (Alfaro & Park, 2025).
6. Lin Fei, Daniel M. Bartels, and Walter W. Zhang (2026) examined consumer spending and saving decisions based on mental representations of expenditures. The study explained that people often make financial decisions based on how they mentally categorise their expenses and savings. Consumer thinking and financial perception were identified as important factors influencing saving and spending behaviour.
7. The growth of digital payment systems has significantly changed consumer spending habits by making transactions easier and faster. Increased use of mobile payment methods may also influence household saving behaviour and financial management practices (Micheal, 2026).
8. Jeyakumar and Senthilkumar (2025) conducted a study on savings and investment behaviour among college students in Coimbatore. The study found that financial awareness and income availability influence saving and investment decisions. The research also highlighted the importance of financial literacy in developing better saving habits and financial planning behaviour.

IV. OBJECTIVES OF THE STUDY

1. To study the demographic profile of households in Nagapattinam District.
2. To examine the saving practices and small investment preferences of households.
3. To analyse the spending behaviour of households across different expenditure categories.
4. To explore the relationship between income, saving, and spending patterns of households.
5. To identify the factors influencing household saving and spending decisions and suggest measures for improving financial management practices.

V. RESEARCH METHODOLOGY

A. Research Design

The study adopts a descriptive research design to examine the saving and spending behaviour of households in Nagapattinam District. The study focuses on understanding household financial behaviour, saving practices, spending patterns, and the factors influencing financial decisions among households.

B. Data Collection

The study is mainly based on primary data collected from respondents through a structured questionnaire. Secondary data were collected from journals, books, research articles, and other related sources to support the study.

C. Sampling Technique

A sample of 150 households was selected for the study using the simple random sampling method. The respondents were selected from different income groups, occupations, educational backgrounds, and residential areas such as urban, semi-urban, and rural regions of Nagapattinam District.

D. Tools Used for Analysis

The collected data were analysed using SPSS software with the help of appropriate statistical tools.

- Percentage Analysis – To study demographic profile, saving practices, and spending patterns of households.
- Chi-square Analysis – To examine the relationship between income level and saving habits of households.
- Correlation Analysis – To analyse the relationship between income growth, saving, and spending behaviour.
- One-way ANOVA – To examine the influence of educational qualification on money management skills of respondents.

VI. DATA ANALYSIS AND INTERPRETATION

A. Percentage Analysis

a. Demographic Profile of Respondents

This section presents the demographic and economic profile of the respondents selected for the study. Variables such as educational qualification, monthly income, family type, and occupation were analysed.

Table 1: Socio-Economic Profile of Respondents

Variable	Majority Response	Percentage
Educational Qualification	Undergraduate	44.7%
Monthly Income	₹40,000 – ₹60,000	53.3%
Family Type	Nuclear Family	83.3%
Occupation	Fishing and Agriculture	46.7%

The analysis shows that the majority of the respondents are undergraduates and belong to nuclear families. Most respondents earn a monthly income between ₹40,000 and ₹60,000. The occupational profile indicates that a considerable number of respondents are engaged in fishing and agricultural activities, reflecting the economic background of the Nagapattinam district.

b. Saving Behaviour of Respondents

This section analyses the saving practices and financial security preferences of households. Variables related to saving habits and preferred saving methods were examined.

Table 2: Savings and Investment Behaviour of Respondents

Variable	Majority Response	Percentage
Regular Saving Habit	Agree	58.7%
Preference for Bank Deposits	Agree	58.0%
Insurance for Financial Security	Agree	64.0%
Gold as Saving Option	Agree	68.0%
Savings During Income Increase	Agree	75.3%

The findings indicate that most respondents follow regular saving practices and prefer safe saving methods such as bank deposits, insurance, and gold investments. The study also shows that respondents tend to increase their savings when their income increases.

c. Spending Behaviour and Financial Factors

This section focuses on household spending practices and the financial factors influencing household financial behaviour. Variables related to expenditure management, budgeting, inflation, and financial planning were analysed.

Table 3: Income Management and Financial Behaviour of Respondents

Income Satisfaction	Agree	73.3%
Spending Increases with Income	Neutral	74.4%
Budget Planning	Agree	52.7%
Family Size Influence	Agree	81.3%
Inflation Impact	Agree	70.0%
Money Management Skill	Agree	46.7%

The findings show that income satisfaction, family size, inflation, and budgeting practices influence household financial behaviour. Respondents also showed a neutral opinion regarding the increase in spending when income increases.

B. Chi-Square Analysis

The chi-square analysis was used to examine the relationship between monthly household income and regular saving habits of households in Nagapattinam District.

Hypothesis

H0: There is no significant relationship between monthly household income and regular saving habits of households.

H1: There is a significant relationship between monthly household income and regular saving habits of households.

a. Crosstabulation Analysis

Table 4: Association between Monthly Household Income and Respondents' Financial Behaviour

Monthly Household Income	Disagree	Neutral	Agree	Strongly Agree	Total
Rs.20,000 – Rs.40,000	0	5	15	2	22
Rs.40,000 – Rs.60,000	2	2	58	18	80
Rs.60,000 – Rs.80,000	1	0	15	31	47
Above Rs.80,000	0	0	0	1	1
Total	3	7	88	52	150

The crosstabulation table shows that respondents belonging to higher income groups tend to show stronger saving habits compared to lower income groups. A large number of respondents in the income group of Rs. 40,000 – Rs. 60,000 and Rs. 60,000 – Rs. 80,000 agreed or strongly agreed that they maintain regular saving habits. This indicates that income level plays an important role in influencing saving behaviour among households.

b. Chi-square Test

Table 5: Chi-Square Test Results for the Association between Monthly Household Income and Financial Behaviour

Particulars	Value
Pearson Chi-square	50.328
Degrees of Freedom	9
Significance Value	0.000
Number of Valid Cases	150

The significance value obtained from the chi-square analysis is 0.000, which is less than the standard significance level of 0.05. Therefore, the null hypothesis is rejected, and the alternative hypothesis is accepted.

Result

The study concludes that there is a significant relationship between monthly household income and regular saving habits of households in Nagapattinam District.

C. Correlation Analysis

Correlation analysis was used to examine the relationship between income growth, saving, and the spending behaviour of households.

Table 6: Correlation Analysis between Income Growth, Saving Behaviour, and Spending Behaviour

Variables	Income Growth and Saving	Income Growth and Spending
Income Growth and Saving	1	0.129
Significance Value		0.116
N	150	150

The correlation value between income growth and spending behaviour is 0.129, which indicates a weak positive relationship between the variables. The significance value is 0.116, which is greater than the standard significance level of 0.05. This shows that there is no statistically significant relationship between income growth and spending behaviour among households.

Result

The study concludes that income growth has only a weak positive relationship with spending behaviour, and the relationship is not statistically significant among households in Nagapattinam District.

D. One-Way Anova

One-way ANOVA was used to examine whether educational qualification has a significant influence on the money management skills of respondents.

Hypothesis

H0: There is no significant difference in money management skills based on the educational qualification of respondents.

H1: There is a significant difference in money management skills based on the educational qualification of respondents.

a. Descriptive Statistics

Table 7: Descriptive Statistics of Financial Literacy Scores by Educational Qualification

Educational Qualification	N	Mean	Standard Deviation
School level	7	2.00	1.000
Higher secondary	26	2.42	0.758
Diploma	25	2.72	0.737
Undergraduate degree	67	3.81	0.584
Postgraduate degree	25	4.12	0.666
Total	150	3.35	0.970

The descriptive statistics table shows that respondents with higher educational qualifications have higher mean values in money management skills. Postgraduate respondents recorded the highest mean score (4.12), followed by undergraduate respondents (3.81). Respondents with school-level education recorded the lowest mean score (2.00). This indicates that money management skills improve with higher levels of education.

b. Test of Homogeneity of Variances

Table 8: Levene's Test for Homogeneity of Variance

Test	Significance Value
Levene's Test	0.234

The significance value of Levene's Test is 0.234, which is greater than 0.05. This indicates that the assumption of homogeneity of variances is satisfied for the ANOVA analysis.

c. ANOVA Table

Table 9: One-Way ANOVA Results for Differences among Educational Qualification Groups

Source	Sum of Squares	df	Mean Square	F Value	Significance Value
Between Groups	73.770	4	18.442	40.210	0.000
Within Groups	66.504	145	0.459		
Total	140.273	149			

The significance value obtained from the ANOVA analysis is 0.000, which is less than the standard significance level of 0.05. Therefore, the null hypothesis is rejected, and the alternative hypothesis is accepted. This indicates that educational qualification has a significant influence on the money management skills of respondents.

Result

The study concludes that there is a significant difference in money management skills based on educational qualification among households in Nagapattinam District.

VII. FINDINGS OF THE STUDY

The study found that most respondents belong to nuclear families and earn a monthly income between ₹40,000 and ₹60,000. The majority of the respondents follow regular saving practices and prefer bank deposits, insurance, and gold as saving options. The findings also showed that income satisfaction, family responsibilities, budgeting practices, and inflation significantly influence household financial behaviour.

The chi-square analysis revealed a significant relationship between monthly household income and regular saving habits of households. The correlation analysis showed a weak positive relationship between income growth and spending behaviour, but the relationship was not statistically significant. The ANOVA analysis indicated that educational qualification has a significant influence on money management skills among respondents.

VIII. SUGGESTIONS

1. Households may continue regular saving practices to maintain long-term financial security.
2. Financial awareness programs may further strengthen budgeting and money management skills among households.
3. Households may continue using secure saving methods such as bank deposits and insurance schemes for better financial stability.
4. Awareness regarding the impact of inflation may help households manage their spending and saving behaviour more effectively.
5. Educational institutions and financial organisations may encourage financial literacy programs to improve financial planning skills.
6. Households may continue budget planning and expenditure control practices for effective financial management.

IX. CONCLUSION

The study examined the saving and spending behaviour of households in Nagapattinam District with the help of primary data collected from 150 respondents. The study focused on understanding household financial behaviour, saving practices, spending patterns, and the factors influencing financial decisions among households.

The findings of the study revealed that income level and educational qualification play an important role in influencing household saving and spending behaviour. Most respondents preferred bank deposits, insurance, and gold savings for financial security and future needs. The study also found that education and healthcare are important expenditure areas among households. The chi-square analysis showed a significant relationship between income and regular saving habits, while the ANOVA analysis revealed that educational qualification significantly influences money management skills. Overall, the study concludes that proper financial planning, financial awareness, and regular saving practices are important for improving the financial stability of households in Nagapattinam District.

X. LIMITATIONS OF THE STUDY

- The study is limited to households in Nagapattinam District only.
- The study is based on responses collected from 150 respondents, which may not represent all households.
- The study mainly depends on primary data collected through questionnaires, and responses may vary based on personal opinions and the financial conditions of respondents.
- Time and resource limitations restricted the study to selected financial behaviour factors only.

XI. SCOPE FOR FUTURE RESEARCH

- Future studies may be conducted with a larger sample size covering different districts or states.
- Further research may focus on digital financial behaviour and online payment practices among households.
- Comparative studies between rural and urban households may provide a deeper understanding of saving and spending behaviour.
- Future researchers may include additional statistical tools and financial variables for detailed analysis.

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