



# A Study on Decisions-Making and Debt Responsibilities in Financial Matter among the North East States students in Bangalore

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## ABSTRACT:

Financial stress significantly impacts the academic performance of students, particularly those from the North-East region studying in Bangalore. These students encounter unique socio-cultural challenges while managing financial burdens, often relying on loans, part-time jobs, and family support to fund their education. This study investigates the extent of financial stress and its correlation with academic performance, emphasizing the role of financial literacy, debt management, and socio-cultural influences. Using a structured questionnaire distributed among North-East students, data were analyzed using descriptive statistics and ANOVA to determine the relationship between financial stress and academic performance. The findings reveal that high levels of financial stress negatively impact academic outcomes, underscoring the need for financial literacy programs and institutional support to mitigate this issue.

**Keywords:** Financial Stress, Academic Performance, North-East Students, Debt Management, Socio-Cultural Influences

## 1. Introduction

Financial literacy plays a crucial role in shaping an individual's financial behavior and decision-making, especially among young adults pursuing higher education. Students from the North-East region of India who migrate to Bangalore for academic pursuits face unique challenges in managing their finances. Balancing academic responsibilities with part-time jobs, adapting to a new socio-cultural environment, and managing limited resources often impact their financial decision-making and debt management capabilities.

This study explores the relationship between financial literacy and responsible financial decision-making among North-East students in Bangalore. It assesses their knowledge of budgeting, saving habits, investment awareness, and debt management, while considering influencing factors such as parental education, family income, and part-time job status. The research employs chi-square tests and crosstab analysis to analyze the impact of these variables, offering insights into how demographic, socio-economic, and behavioural factors shape financial awareness and debt responsibility.

The findings of this study aim to provide a deeper understanding of financial challenges faced by North-East students and highlight the importance of financial education in empowering them to make informed financial choices.

**Structure of the paper:** Introduction, Literature review, Research Methodology, Results and Discussion, Conclusion.

## 2 REVIEW OF LITREATURE

**Rachel Danahy, Căzilia Loibl, Catherine P. Montalto, Dean Lillard (2024):**

This study explores the relationship between student loan debt, lack of emergency savings, and financial stress among college students. Using data from the 2020 Study on Collegiate Financial Wellness, which surveyed over 25,000 students, the findings show that higher debt levels and insufficient emergency savings increase financial stress. Although financial socialization and self-efficacy lower stress, their influence was less significant for borrowers, emphasizing the need for financial literacy and familial support to reduce financial burdens.

**Lewis Mandell, Kermit O. Hanson (2024):**

Mandell and Hanson investigate the impact of financial education on financial literacy and subsequent decision-making. Their findings reveal that students exposed to structured financial education in high school and college demonstrate better financial literacy. These students are more capable of managing budgets, avoiding debt, and developing long-term financial strategies. The study highlights the importance of integrating comprehensive financial education into the curriculum to cultivate sound financial habits early on.

**Manuel Salas-Velasco (2024):**

This study examines how financial education influences prospective graduate students' attitudes toward borrowing educational loans. Participants were divided into two experimental groups and one control group. Those who received financial education displayed more positive perceptions of debt-financed graduate education and reported less anxiety regarding loan repayment. The findings suggest that integrating financial literacy programs in higher education can alleviate stress related to educational loans and enable students to make informed financial decisions.

**Nalini Singh, Dr. Pratibha Singh, Ashish Kumar Singh (2024):**

Singh et al. analyze the impact of behavioral interventions and nudges on financial decision-making. While traditional economic theories assume individuals make rational decisions, this study highlights how cognitive biases and social factors often lead to suboptimal choices. The findings suggest that behavioral nudges can guide individuals toward better financial decisions, but they also raise ethical concerns regarding autonomy. The study underscores the need for balanced interventions that promote responsible decision-making while preserving individual freedom.

**Semanu Duame Emmanuel Benson (2023):**

Benson evaluates the influence of firm size on financial decision-making within Ghanaian banks. Using secondary data from five banks over a period of ten years, the study concludes that firm size significantly shapes capital structures and financial decisions. Larger banks are more inclined to incur debt, which can be advantageous but also risky, depending on market conditions. The study recommends that banks leveraging internal funding optimize efficiency, while those relying on debt financing should carefully assess the associated risks.

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**RESEARCH GAP**

While numerous studies have explored financial literacy, debt management, and financial decision-making, limited research focuses specifically on the financial behavior of North-East students in Bangalore. Most existing literature broadly addresses financial responsibilities, such as women's financial management or generalized student debt, overlooking the unique socio-cultural and economic challenges faced by this demographic. These students juggle academic requirements, part-time jobs, and financial obligations while navigating the influence of their cultural backgrounds on financial decisions. Moreover, despite the recognized importance of financial literacy, there is a noticeable gap in practical frameworks linking financial knowledge to real-world applications for North-East students. Psychological and emotional aspects of financial decision-making, including the impact of emotional intelligence and socio-cultural influences, remain underexplored. This study seeks to bridge these gaps by examining the financial decision-making processes and debt responsibilities of North-East students in Bangalore, offering insights into their financial management strategies.

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**STATEMENT OF PROBLEM**

The cultural, socioeconomic, and geographic backgrounds of students from India's northeastern regions present unique financial obstacles for those seeking higher education in Bangalore. These students often face the challenge of balancing their financial obligations including loan repayment, living expenses, and tuition fees while adapting to the complexities of city life. However, a lack of financial literacy and limited access to formal financial education frequently hinder their ability to make informed financial decisions. The economic disparity between the Northeast and cities like Bangalore means that many students rely on part-time jobs, educational loans, or scholarships to fund their education, making debt management a pressing concern. Despite these challenges, there is a noticeable gap in research addressing how North-East students in Bangalore navigate these financial struggles, manage debt, and make critical financial decisions. This study aims to bridge this gap by exploring the financial decision-making processes and debt responsibilities of North-East students, offering insights into how their unique backgrounds shape their financial management strategies.

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**SCOPE OF STUDY**

This study focuses on the financial stress and its academic impact on North-East students enrolled in various educational institutions in Bangalore. It evaluates financial management practices, awareness of financial literacy, and the influence of socio-cultural factors on financial decision-making.

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**OBJECTIVES OF THE STUDY**

To investigate the financial stress among the North-east students in Bangalore and how it impacts their academic performance.

**H<sub>0</sub> (Null Hypothesis):** Financial stress has no significant impact on the academic performance of Northeast region students in Bangalore.

**H<sub>1</sub> (Alternative Hypothesis):** Financial stress has a significant impact on the academic performance of Northeast region students in Bangalore.

## RESEARCH METHODOLOGY

Primary data were collected through structured questionnaires distributed to 100 North-East students in Bangalore. Convenience sampling was used, and data were analyzed using descriptive statistics and ANOVA to evaluate the relationship between financial stress and academic performance. Ethical considerations, including informed consent and confidentiality, were maintained throughout the study.

## RESULTS AND DISCUSSION

ANOVA<sup>a</sup>

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	34.504	3	11.501	6.753	.000 <sup>b</sup>
	Residual	163.496	96	1.703		
	Total	198.000	99			

a. Dependent Variable: If yes, in what ways has it impacted your academic performance

b. Predictors: (Constant), How often do you worry about your debt, Do you have any educational loan, Have you experienced any stress or anxiety related to debt or loans

### INFERENCE:

The ANOVA table presents the results of a multiple regression analysis, examining how well three predictor variables – "How often do you worry about your debt," "Do you have any educational loan," and "Have you experienced any stress or anxiety related to debt or loans" predict the dependent variable, "If yes, in what ways has it impacted your academic performance."

The table shows that the overall regression model is statistically significant ( $F(3, 96) = 6.753, p < .001$ ). This indicates that the predictor variables, as a set, significantly predict the impact of debt on academic performance.

The "Regression" row provides information about the variance explained by the model. The "Sum of Squares" is 34.504, indicating the amount of variability in academic performance impact that is accounted for by the predictors. The "df" (degrees of freedom) is 3, representing the number of predictor variables in the model. The "Mean Square" is 11.501, which is the sum of squares divided by the degrees of freedom.

The "Residual" row provides information about the unexplained variance. The "Sum of Squares" is 163.496, indicating the amount of variability in academic performance impact that is not accounted for by the predictors. The "df" is 96, which is the total sample size minus the number of predictors minus 1. The "Mean Square" is 1.703, which is the residual sum of squares divided by the residual degrees of freedom.

The "Total" row represents the total variability in the dependent variable. The "Sum of Squares" is 198.000, and the "df" is 99, which is the total sample size minus 1.

The F-statistic (6.753) and its associated p-value (.000) indicate the overall significance of the model. Since the p-value is less than .001, we reject the null hypothesis that the predictors do not predict academic performance impact.

In summary, the ANOVA table demonstrates that the model, including worry about debt, having an educational loan, and experiencing stress/anxiety related to debt, significantly predicts the perceived impact of debt on academic performance. This suggests that these financial factors play a significant role in how students perceive the impact of debt on their studies.

## Findings

### 1. High Financial Stress and Poor Academic Outcomes:

The study found a significant negative correlation between financial stress and academic performance. Students experiencing high financial stress reported lower grades and decreased focus on academic tasks due to increased anxiety and emotional strain.

### 2. Role of Financial Literacy in Stress Management:

Students with higher levels of financial literacy exhibited better stress management and performed relatively well academically. Their ability to budget effectively, plan for expenses, and manage debt reduced the negative impact of financial stress.

### 3. Influence of Socio-Cultural Factors:

Socio-cultural expectations, such as sending money home or adhering to familial obligations, significantly influenced financial decision-making among North-East students. These obligations, while fulfilling cultural expectations, often added to financial burdens, increasing stress and affecting academic outcomes.

#### 4. **Impact of Part-Time Jobs on Academic Balance:**

A considerable number of students engaged in part-time jobs to manage financial obligations. While this helped alleviate financial stress, it often resulted in time constraints, reducing the time available for academic preparation, thereby affecting performance.

#### 5. **Limited Access to Institutional Support:**

Many students reported limited access to financial counselling and support systems, which could have mitigated the effects of financial stress. The absence of structured financial literacy programs left them vulnerable to poor financial decision-making.

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## **Suggestions**

### 1. **Introduce Comprehensive Financial Literacy Programs**

Educational institutions should implement structured financial literacy programs tailored for North-East students. These programs should cover essential topics such as budgeting, debt management, investment basics, and understanding interest rates. Interactive workshops, webinars, and real-life financial simulations can help students develop practical money management skills.

### 2. **Provide Financial Counselling and Mentorship**

Establish dedicated financial counselling services to assist students in managing financial stress effectively. These services can include one-on-one counselling, group sessions, and peer mentorship programs where financially literate students guide their peers in making informed financial decisions.

### 3. **Offer Flexible Payment Plans and Scholarship Opportunities**

Institutions should introduce flexible tuition payment options that allow students to spread payments over the academic year. Additionally, increasing the availability of merit-based and need-based scholarships can help reduce the financial burden on students from economically disadvantaged backgrounds.

### 4. **Promote Part-Time Job Opportunities with Academic Balance**

Encourage collaboration between educational institutions and local businesses to offer part-time job opportunities that align with students' academic schedules. This would allow students to manage their finances without compromising their academic performance.

### 5. **Establish Emergency Financial Assistance Funds**

Create a dedicated emergency fund to assist students facing sudden financial crises, such as unexpected medical expenses or urgent travel requirements. Quick access to emergency financial support can prevent academic disruptions caused by unforeseen circumstances.

### 6. **Raise Awareness on Socio-Cultural Financial Pressures**

Conduct awareness programs that address the unique socio-cultural financial pressures faced by North-East students. Counselling sessions and workshops can help students develop coping strategies to balance familial obligations and personal financial goals.

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## **Conclusion**

This study highlights the significant impact of financial stress on the academic performance of North-East students in Bangalore. The findings reveal that high levels of financial stress, stemming from educational loans, part-time jobs, and socio-cultural obligations, negatively affect students' academic outcomes. Students with limited financial literacy are more vulnerable to poor financial decision-making, leading to increased stress and decreased academic focus. Conversely, those with a higher level of financial awareness demonstrate better stress management and academic performance.

The study also emphasizes the critical role of socio-cultural factors in shaping financial behavior among North-East students. Familial expectations, sending remittances home, and the pressure to meet financial obligations often compound stress levels, further impacting academic success. Moreover, while part-time jobs help alleviate financial burdens, they frequently result in time constraints, limiting the time available for academic pursuits.

The lack of access to institutional financial counselling and structured financial literacy programs further exacerbates these challenges. Addressing these gaps through targeted interventions can empower students to make informed financial decisions and reduce the adverse effects of financial stress.

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### Scope for Future Study

Future research can explore the long-term impact of financial literacy programs on the academic performance and financial well-being of North-East students. Longitudinal studies can assess whether sustained financial education improves decision-making and reduces financial stress over time. Additionally, evaluating the effectiveness of institutional interventions, such as financial counselling, mentorship programs, and flexible payment plans, can provide valuable insights into reducing financial stress.

Comparative studies between North-East students and other student demographics in different urban centers can offer broader perspectives on financial challenges across regions and cultures. Investigating the psychological and emotional dimensions of financial stress, including the role of emotional intelligence and coping mechanisms, can further enrich understanding of financial behavior. Moreover, future research can explore the impact of integrating digital financial literacy platforms and mobile applications in enhancing financial management among students, offering technology-driven solutions to address financial literacy gaps.

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