Spending, saving and borrowing

Spending, Saving and Borrowing

Saving

Why people save
- For consumption
- Interest rates
- consumer confidence
- availability of saving schemes

Borrowing

Why people borrow money
- increase their expenditure
- purchase property
- fund buisness ventures
- eductional loans

What affects borrowing
- consumer confidence
- Interest rates
- Wealth
- availability of credit

more of all these factors lead to more borrowing

Spending

- Disposable income
  - income a person left after income related taxes.
- Consumption of goods provide utility to consumers

Factors affecting expenditure
- Wealth
  - more wealth more expenditure
- Consumer confidence
  - more confidence more expenditure
- Interest rates
  - high interest rates lead more saving and hence lower expenditure