1. **High uncontrolled spending**
Overspending even when not necessary is the most common mistake among students. These could include purchasing designer clothes and premiums shoes or watches where a less-expensive brand may be equally good. Control the unbridled impulse for shopping by handling money prudently.
2. **Low savings and no emergency fund**
Typically, college students or young professionals may not develop the habit of saving some part of an allowance or salary. They keep spending as if there is no tomorrow. Saving some amount of money for an emergency fund provides a financial safety cushion and also creates room for discretionary spending later. Such as visiting an upmarket restaurant on special occasions.
3. **Lack of monthly budgeting**
For students or young professionals, one of the biggest financial mistakes is not adhering to a monthly budget. Simple things such as keeping limited cash in the wallet, utilising a credit card with discretion and using a digital expense manager or budget calculator can curb one's urge to overspend.
4. **Not tracking spends**
Keeping track of lessons and pending assignments helps a student in studying better. The same formula works for saving cash and controlling needless spending. Simple organizers and apps can help in tracking daily, weekly and monthly spends, which helps in managing money wisely. Students who spend without keeping track end up overspending without even realising this – until they run out of funds at the month-end.

5. **Misusing instant loan apps**
Today, young professionals or even students have access to loans via instant loan apps that provide loans to new to credit borrowers without collateral. But many end up creating high debts as they use them unwisely. Repaying dues on time helps generate a good credit score, maintains one's financial stability and keeps high interest charges in check.

6. **Mishandling education loans**
Opting for an education loan is often necessary to meet one's tuition fees and academic expenses. But diverting such loans for partying or

vacationing is a dangerous practice that can lead to a major cash crisis during the college term itself.

7. Ignoring financial literacy

Young students and professionals may mistakenly believe it is too early to worry about managing money. The truth is the faster the youth become financially literate, the better for them. Being aware of loan terms and various conditions in the fine print before signing on the dotted line helps in avoiding debt traps.

8. Spending more on wants than needs

Most young people fail to comprehend the difference between wants and needs. Consequently, they spend all their money on wants and do not have enough for their needs such as books, tuition fees and necessary travel or allied expenses. One could need a break but may desire a vacation. The first is genuinely needed, the second is discretionary and expensive. Understanding the difference is essential in developing healthy spending habits.

9. Denting one's credit score

Young borrowers must remember that repaying loans on time is a good practice that needs to be inculcated. Late payments can drastically impact a person's credit score. Thereafter, borrowing may not be possible or only happen at higher interest rates. It is sensible to limit borrowings to the extent it can be repaid on time. For students and young professionals in India, it is advisable to choose reliable loan apps that offer instant cash loans with friendly repayment terms.

10. Blindly following the herd

Sometimes, to keep up with their mates, college students and young professionals end up spending extravagantly. It is important to avoid peer pressure while shopping. Only spend as per monthly means and avoid competing with your friends. Financial prudence is crucial in money management.

11. Not opting for scholarships

If eligible, students should always apply for scholarships. These can take a tremendous burden off the shoulders of their parents and leave more room for spending on other necessities. Scholarships save students from the big burden of beginning their professional lives with a huge debt to repay.

12. Missing free opportunities

For college students and young professionals, discounts, perks and freebies are generally available. For example, campus gym membership, concessions on public transport or buying books at a discount on displaying a student ID can help save money each month. Corporates also offer perks to employees, which can be used to their advantage. But one must be aware and choose the same else the privilege goes waste.

13. Making unsound investments

Investing money in stocks based on "hot tips" can be a recipe for financial disaster. Avoid such misguided investments because there may be a vested interest in specific tips. Self-education and awareness are best when it comes to investing in shares. Regular research and study of specific sectors and companies are crucial before investing.

14. Not saving on basics

Some students and young professionals can end up spending extravagantly on basics such as housing, completely forgetting cost-effective options such as on-campus accommodation or even a shared rental with friends or colleagues. By buying jointly with friends, money can even be saved through bulk-buying of books and other necessities.

15. Overlooking cost-efficient activities

Some youngsters harbour a mistaken impression that all the good things in life cost more money. Not necessarily so. One could burn a hole in the pocket by spending a day at a fancy resort. Or enjoy a Sunday at minimal cost by going on a day-long hike with friends. The time spent on hobbies and outdoor activities in the company of friends can be truly priceless.

The loan problems :-

Know the Terms

As you sum up the size of your debt, become familiar with the terms of each loan. Each may have a different interest rate and different repayment rules. You'll need this information to develop a payback plan that avoids extra interest, fees, and penalties.

Review the Grace Periods

As you pull together the specifics, you will notice that each loan has a grace period. This is the length of time that you have after graduation before you need to start paying back your loans.

Explore Loan Forgiveness

In some extreme circumstances, you may be able to apply for debt forgiveness or the discharge of your student loan. You could be eligible if your school closed before you finished your degree, you become totally and permanently disabled, or paying the debt will lead to bankruptcy

Explore Alternative Repayment Plans

If you have a federal student loan, you may be able to call your loan servicer and work out an alternative repayment plan. Some of the options include:

- **Graduated repayment:** This increases your monthly payments every two years over the 10-year life of the loan. This plan allows for low payments early on, accommodating entry-level salaries. It also assumes you will get raises or move on to better-paying jobs as the decade progresses.
- **Extended repayment:** This allows you to stretch out your loan over a longer period of time, such as 25 years rather than 10 years, which will result in a lower monthly payment.
- **Income contingent repayment:** This calculates payments based on your adjusted gross income (AGI) at no more than 20% of your income for up to 25 years. At the end of 25 years, any balance on your debt will be forgiven.
- **Pay as you earn:** This caps monthly payments at 10% of your monthly income for up to 20 years if you can prove financial hardship. The criteria can be tough, but once you've qualified, you may continue to make payments under the plan even if you no longer have the hardship.

Consider Consolidation

Once you have the details, you may want to look into the option of consolidating all your loans. The big plus of consolidation is that it often reduces the burden of your monthly payments. It also may lengthen your payoff period, which is a mixed blessing, as this will mean more interest payments too.

Use the Debt Avalanche Strategy

As with any debt payoff strategy, it is always best to pay off the loans with the highest interest rates first. One common method is to budget a certain amount above the monthly required payments, then allocate the overage to the loan with the biggest interest bite.

Pay Down Principal

Another common debt payoff strategy is to pay extra principal whenever you can. The faster you reduce the principal, the less interest you pay over the life of the loan.

Since interest is calculated based on the principal each month, less principal translates to a lower interest paymen

Pay Automatically

Some private and federal student loan lenders offer a discount on the interest rate if you agree to set up your payments to be automatically withdrawn from your checking account each month. For example, participants in the Federal Direct Loan Program get a 0.25% discount