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FINANCIAL MANAGEMENT AND ECONOMIC WELL-BEING OF DAILY WAGE LABOURERS: A STUDY

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Abstract

Financial management is an important concern for daily wage labourers because their income is generally irregular and depends on the availability of employment. Limited income, inadequate savings, borrowing requirements and unexpected household expenses may affect their economic well-being and financial security. The proposed study aims to examine the financial management practices of daily wage labourers, with particular focus on income management, household budgeting, saving habits, borrowing practices, emergency preparedness, financial awareness and debt management. The study proposes to collect primary data from **70 selected daily wage labourers** through a structured interview schedule. Descriptive and analytical methods will be used to analyse the collected data. Frequencies and percentages will be used to understand the financial practices of respondents, while Pearson's Chi-square test will be applied to examine selected associations between financial management practices and economic well-being. The study is expected to identify major financial difficulties faced by daily wage labourers and assess the role of budgeting, saving and financial awareness in improving financial security. The study will also suggest practical measures relating to regular savings, emergency funds, responsible borrowing, financial literacy and access to formal financial services. The proposed research is expected to contribute to improving financial planning and economic well-being among daily wage labour households.

Keywords: Financial Management, Daily Wage Labourers, Income, Savings, Household Expenditure, Financial Literacy, Debt Management, Economic Well-Being, Financial Security, Informal Credit.



Introduction

Daily wage labourers constitute a significant part of the informal workforce and play an important role in construction, agriculture, transportation, loading and unloading, domestic services, small businesses and other economic activities. Their livelihoods are largely dependent on the availability of work on a daily or seasonal basis. Unlike salaried employees who generally receive a fixed income, daily wage labourers often face uncertainty in the number of working days and the amount of income earned. This irregularity affects their ability to meet household expenditure, maintain savings, manage debt and prepare for unexpected financial needs. Therefore, financial management has considerable importance in determining the economic well-being and financial security of these workers.

Financial management among daily wage labourers involves the practical management of limited and uncertain income. Household budgeting helps workers plan expenditure on food, housing, education, healthcare, transportation and other essential requirements. Proper management of income and expenditure can help households control unnecessary spending and make better use of available resources. Regular saving, even in small amounts, can provide financial support during periods of unemployment, illness or emergencies. However, low income and immediate household requirements often make consistent saving difficult. As a result, many workers may depend on borrowing when their income is insufficient to meet urgent needs.

Borrowing itself is not necessarily a sign of poor financial management, as credit can provide necessary support during financial difficulties. However, the source and terms of borrowing are important. Daily wage labourers may obtain loans from relatives, friends, local moneylenders, self-help groups, banks or microfinance institutions. Understanding interest rates, repayment periods and total repayment obligations is essential for responsible borrowing. Effective debt management can prevent repeated borrowing and excessive repayment pressure. Maintaining simple financial records of income, expenditure, savings and loans can further improve household financial planning.



Financial literacy is another important dimension of financial management. Knowledge of banking services, savings, credit, insurance, pensions, interest rates and digital payments can help workers make informed financial decisions. Access to formal financial services can provide safer opportunities for saving, borrowing and managing money. Similarly, emergency funds, insurance and social-security support can strengthen household resilience against unexpected financial shocks. Income diversification through supplementary employment, skill development or self-employment may also reduce dependence on a single source of daily wages.

Thus, financial management among daily wage labourers is not limited to saving money; it includes **budgeting, expenditure management, saving, emergency preparedness, responsible borrowing, debt management, financial record keeping, financial literacy, formal financial services, insurance, digital financial management and income diversification**. These practices are closely related to the capacity of households to manage financial uncertainty and maintain economic security.

Against this background, the present study examines **financial management and economic well-being among selected daily wage labourers**. It focuses on income and expenditure patterns, budgeting practices, saving behaviour, borrowing, emergency preparedness, financial awareness and debt management, and examines selected relationships between financial management practices and economic well-being.

Review of Literature

1. **Neog and Sahoo (2016)** examined informality among non-cultivator workers in India. They found considerable differences in informal employment based on poverty, age, gender, education and occupational characteristics. The study also identified both voluntary and involuntary forms of informality. Their findings indicate that informal employment is closely associated with economic vulnerability and insecurity.
2. **Banerjee and Kundu (2020)** examined the subjective well-being of informal workers in Hooghly district, West Bengal. They found that income was positively associated with overall well-being, life satisfaction and psychological well-being.



Regular wage-earners recorded higher well-being than self-employed and casual labourers, showing the importance of stable income for workers' economic and social well-being.

3. **Barik (2024)** studied consumption expenditure among informal workers in urban Odisha. The study found that expenditure patterns were influenced by age, income and essential household requirements. It also reported that some informal workers had consumption expenditure exceeding their income, creating financial pressure and vulnerability. The findings highlight the importance of expenditure management and adequate income among informal workers.
4. **Gill, Arora and Kalra (2024)** examined financial inclusion among 760 informal workers in Delhi NCR. They found that financial awareness and inclusion were associated with education, age and income, while lack of savings, documentation and trust were major barriers to formal financial services. The findings highlight the importance of financial awareness, savings and banking access for informal workers.

Objectives

1. To examine the income and expenditure patterns of daily wage labourers.
2. To analyse budgeting, saving and borrowing practices among daily wage labourers.
3. To examine the relationship between financial management practices and economic well-being.
4. To identify the major financial difficulties faced by daily wage labourers.
5. To suggest measures for improving financial security and financial management among daily wage labourers.

Hypotheses

H₀₁: There is no significant association between budgeting practices and monthly income of daily wage labourers.

H₁₁: There is a significant association between budgeting practices and monthly income of daily wage labourers.

H₀₂: There is no significant association between saving habits and financial security among daily wage labourers.



H₁₂: There is a significant association between saving habits and financial security among daily wage labourers.

H₀₃: There is no significant association between financial awareness and debt management among daily wage labourers.

H₁₃: There is a significant association between financial awareness and debt management among daily wage labourers.

Research Methodology

The study adopted a descriptive and analytical research design. For the present study primary data were considered from 70 daily wage labourers selected through purposive sampling. Respondents were selected based on their involvement in daily wage employment and their responsibility or participation in household financial management. Primary data were collected through a structured interview schedule covering demographic characteristics, income, expenditure, budgeting, savings, borrowing, emergency funds, financial awareness and debt management. Secondary information was obtained from books, research articles, reports and institutional publications related to financial literacy, financial inclusion and household financial management. The collected data were analysed using frequencies, percentages and Pearson's Chi-square test.

Data Analysis and Interpretation

Table 1: Age-wise Distribution of Respondents

Age Group	Number	Percentage
Below 30 Years	15	21.4%
31–40 Years	24	34.3%
41–50 Years	19	27.1%
Above 50 Years	12	17.1%
Total	70	100.0%

The table shows that **34.3% of the respondents belong to the 31–40 years age group**, followed by 27.1% in the 41–50 years group. This indicates that daily wage employment is concentrated among economically active adults. From a financial-management



perspective, this working-age group needs greater emphasis on regular savings, emergency funds and long-term financial security.

Table 2: Educational Status of Respondents

Educational Level	Number	Percentage
Illiterate	12	17.1%
Primary Education	20	28.6%
Secondary Education	25	35.7%
Intermediate and Above	13	18.6%
Total	70	100.0%

The findings indicate that **35.7% of respondents have secondary education**, while 28.6% have primary education and 17.1% are illiterate. The relatively low educational background of some workers may affect their ability to understand financial documents, interest rates and formal financial products. Therefore, financial guidance should be provided in simple and practical language.

Table 3: Nature of Daily Wage Employment:

Type of Employment	Number	Percentage
Construction Work	25	35.7%
Agricultural Labour	20	28.6%
Loading/Unloading	10	14.3%
Domestic/Service Work	8	11.4%
Other Daily Wage Work	7	10.0%
Total	70	100.0%

From the above table, it is observed that **35.7% of the respondents are engaged in construction work**, followed by 28.6% in agricultural labour, 14.3% in loading and unloading, 11.4% in domestic or service work and 10.0% in other daily wage activities. The findings show that respondents depend on employment that may fluctuate according to work availability and season. Therefore, income diversification and financial planning are important for reducing financial uncertainty.



Table 4: Average Monthly Income

Monthly Income	Number	Percentage
Below ₹10,000	18	25.7%
₹10,001–₹15,000	27	38.6%
₹15,001–₹20,000	16	22.9%
Above ₹20,000	9	12.9%
Total	70	100.0%

From the above table, it is observed that **38.6% of the respondents earn ₹10,001–₹15,000 per month**, while 25.7% earn below ₹10,000, 22.9% earn ₹15,001–₹20,000 and only 12.9% earn above ₹20,000. The findings indicate that a substantial proportion of respondents manage their households with limited income. This makes expenditure prioritisation, regular saving and responsible borrowing important components of household financial management.

Table 5: Budgeting Practices

Budgeting Practice	Number	Percentage
Regularly Prepare Budget	20	28.6%
Sometimes Prepare Budget	30	42.9%
Rarely Prepare Budget	20	28.6%
Total	70	100.0%

From the above table, it is observed that **42.9% of the respondents prepare a budget sometimes**, while 28.6% prepare it regularly and another 28.6% rarely prepare a budget. The findings indicate that systematic budgeting is not yet a regular practice among many respondents. Since daily wage income may fluctuate, maintaining a simple household budget can help workers control unnecessary expenditure, meet essential needs and allocate money for savings and emergencies.



Table 6: Saving Habits

Saving Habit	Number	Percentage
Regularly Save	25	35.7%
Occasionally Save	30	42.9%
Rarely Save	15	21.4%
Total	70	100.0%

From the above table, it is observed that **42.9% of the respondents save occasionally**, while 35.7% save regularly and 21.4% save rarely. The findings indicate that regular saving remains difficult for a considerable proportion of daily wage labourers, possibly because immediate household requirements consume most of their available income. Encouraging small and consistent savings can help workers build financial reserves and improve their ability to handle unexpected expenditure.

Table 7: Major Source of Borrowing

Source of Borrowing	Number	Percentage
Relatives/Friends	06	8.57%
Local Moneylenders	40	57.14%
Self-Help Groups	12	17.14%
Banks/Microfinance Institutions	07	10%
Other Sources	5	7.1%
Total	70	100.0%

From the above table, it is observed that **57.14% of the respondents depend on local moneylenders** as their major source of borrowing, followed by **17.14% through Self-Help Groups**, **10.0% through banks/microfinance institutions**, **8.57% through relatives and friends**, and **7.1% through other sources**. The high dependence on local moneylenders indicates that many daily wage labourers require easily accessible credit to meet household and emergency financial needs. However, frequent dependence on



informal lenders may increase repayment pressure because of comparatively higher borrowing costs and less favourable repayment conditions.

Table 8: Emergency Financial Preparedness

Emergency Financial Position	Number	Percentage
Savings for Emergencies	15	21.4%
Can Manage for 1 Month	11	15.7%
Can Manage for 1–3 Months	10	14.3%
Cannot Manage Emergency Expenses	34	48.6%
Total	70	100.0%

From the above table, it is observed that **21.4% of the respondents have separate savings for emergencies**, while **15.7% can manage their expenses for one month** and **14.3% can manage emergency expenses for 1–3 months**. However, a significant **48.6% of the respondents cannot manage emergency expenses**, indicating a considerable level of financial vulnerability among daily wage labourers. This finding shows that many respondents have limited financial reserves to meet unexpected expenses such as medical needs, loss of work or urgent household requirements.

Table 9: Budgeting Practice and Monthly Income

Budgeting Practice	Below ₹10,000	₹10,001– ₹15,000	₹15,001– ₹20,000	Above ₹20,000	Total
Regularly	3	5	7	5	20
Sometimes	7	14	6	3	30
Rarely	8	8	3	1	20
Total	18	27	16	9	70

Chi-square test: $\chi^2 = 9.40$, $df = 6$, Critical value at 5% = 12.592.

From the above table, it is observed that **30 respondents (42.9%) prepare a budget sometimes**, while **20 respondents (28.6%) prepare a budget regularly** and another 20



(28.6%) rarely prepare a budget. Among respondents earning below ₹10,000, only 3 regularly budget, compared with 7 who budget sometimes and 8 who rarely budget. In the ₹10,001–₹15,000 group, 14 respondents budget sometimes, while 5 do so regularly. The ₹15,001–₹20,000 group records the highest number of regular budgeters at 7 respondents. Among those earning above ₹20,000, 5 regularly prepare budgets, 3 do so sometimes and only 1 rarely does so. Thus, budgeting practices vary across income groups, but the pattern does not show a consistent increase with income.

Table 10: Saving Habit and Financial Security

Saving Habit	Low Financial Security	Moderate Financial Security	High Financial Security	Total	Saving Habit
Regularly Save	3	9	13	25	Regularly Save
Occasionally Save	7	15	8	30	Occasionally Save
Rarely Save	10	4	1	15	Rarely Save
Total	20	28	22	70	Total

Chi-square test: $\chi^2 = 18.34$, $df = 4$, Critical value at 5% = 9.488.

From the above table, it is observed that **25 respondents save regularly, 30 save occasionally and 15 save rarely**. Among regular savers, 13 respondents have high financial security, 9 have moderate security and only 3 have low security. In contrast, among those who save rarely, **10 out of 15 respondents have low financial security**, while only 1 respondent has high financial security. The occasionally saving group mainly falls under moderate financial security, with 15 respondents. The pattern clearly shows that respondents with more regular saving habits tend to report higher levels of financial security, whereas rare saving is associated with lower financial security.

Table 11: Financial Awareness and Debt Management

Financial Awareness	Good Debt Management	Moderate Debt Management	Poor Debt Management	Very Poor Debt Management	Total
High	8	6	2	1	17
Moderate	5	15	7	2	29
Low	2	4	6	4	16



No Awareness	1	1	3	3	8
Total	16	26	18	10	70

Chi-square test: $\chi^2 = 18.36$, $df = 9$, Critical value at 5% = 16.919.

From the above table, it is observed that **17 respondents have high financial awareness, 29 have moderate awareness, 16 have low awareness and 8 have no financial awareness.** Among those with high financial awareness, **8 respondents have good debt management**, while 6 have moderate, 2 have poor and only 1 has very poor debt management. In the moderate-awareness group, 15 respondents have moderate debt management and 5 have good debt management. Among respondents with low awareness, 6 have poor and 4 have very poor debt management. Similarly, among those with no financial awareness, only 1 has good debt management, while 3 each have poor and very poor debt management. The pattern indicates that **higher financial awareness is generally associated with better debt management**, whereas lower or no awareness is associated with greater difficulty in managing debt.

Testing of Hypothesis

Hypothesis	χ^2	df	Critical Value	Decision
Budgeting Practice × Monthly Income	9.40	6	12.592	Accept H_{01}
Saving Habit × Financial Security	18.34	4	9.488	Reject H_{02}
Financial Awareness × Debt Management	18.36	9	16.919	Reject H_{03}

Hypothesis 1: Budgeting Practice × Monthly Income

The calculated χ^2 value of 9.40 is lower than the critical value of 12.592 at the 5% level of significance. Therefore, H_{01} is accepted. The result indicates that there is no statistically significant association between budgeting practice and monthly income in the selected sample.

Hypothesis 2: Saving Habit × Financial Security

The calculated χ^2 value of 18.34 is greater than the critical value of 9.488. Therefore, H_{02} is rejected. The result indicates a significant association between saving habit and financial security among the respondents.



Hypothesis 3: Financial Awareness × Debt Management

The calculated χ^2 value of 18.36 exceeds the critical value of 16.919. Therefore, H_{03} is rejected. The result indicates a significant association between financial awareness and debt management.

Key Findings and Discussion

1. The study found that **34.3% of the respondents belong to the 31–40 years age group**, followed by 27.1% in the 41–50 years group. This indicates that daily wage employment is mainly represented by economically active adults. Their working age also highlights the importance of developing financial practices that can support present household needs as well as future financial security.
2. In terms of education, **35.7% of respondents have secondary education**, while 28.6% have primary education and 17.1% are illiterate. The educational profile indicates that some respondents may face difficulties in understanding financial documents, banking procedures, interest rates and credit conditions. Therefore, financial awareness programmes need to use simple language and practical examples.
3. Regarding employment, **35.7% of respondents are engaged in construction work**, followed by 28.6% in agricultural labour. These occupations depend considerably on the availability of work and may involve fluctuations in earnings. Such employment conditions make budgeting, saving and emergency financial planning particularly important for maintaining household stability.
4. The income distribution shows that **38.6% of respondents earn ₹10,001–₹15,000 per month**, while 25.7% earn below ₹10,000. This indicates that a considerable proportion of respondents manage household requirements with relatively limited income. Under such circumstances, prioritising essential expenditure and maintaining even small regular savings can become important financial-management practices.
5. The study found that **42.9% of respondents prepare a budget only sometimes**, while only 28.6% prepare a budget regularly and another 28.6% rarely prepare one. This indicates that systematic budgeting is not yet a common practice among many respondents. For households dependent on daily wages, a simple record of income and expenditure could help in allocating money for food, housing, education, healthcare, savings and debt repayment.



6. With regard to saving habits, **35.7% of respondents save regularly**, while 42.9% save occasionally and 21.4% save rarely. The relatively high proportion of occasional savers indicates that consistent saving remains difficult for many respondents. Developing a habit of saving small amounts at regular intervals may help households build financial reserves and reduce dependence on borrowing during periods of financial difficulty.
7. A major concern is the source of borrowing. **57.14% of respondents depend on local moneylenders**, while 17.14% depend on Self-Help Groups and only 10% use banks or microfinance institutions. This high dependence on informal credit indicates the importance of improving awareness and accessibility of affordable formal financial services. Better access to suitable credit facilities may provide workers with additional borrowing alternatives.
8. Emergency financial preparedness presents a significant concern. Although **21.4% of respondents have separate emergency savings**, 15.7% can manage expenses for one month and 14.3% can manage expenses for 1–3 months. However, **48.6% cannot manage emergency expenses**. This indicates that almost half of the respondents have limited capacity to meet unexpected financial requirements. Regular emergency savings, even in small amounts, could help reduce the need for immediate borrowing during emergencies.
9. The relationship between budgeting practice and monthly income was tested using the chi-square test. The calculated χ^2 value of **9.40** is lower than the critical value of **12.592** at the 5% level of significance with 6 degrees of freedom. Therefore, H_{01} is accepted, indicating that there is no statistically significant association between budgeting practice and monthly income.
10. The relationship between saving habit and financial security shows a different pattern. Among regular savers, **13 out of 25 respondents report high financial security**, whereas among those who rarely save, 10 out of 15 respondents report low financial security and only one reports high financial security. The finding highlights the importance of regular saving in strengthening the financial position of households.
11. Financial awareness also shows an important relationship with debt management. Among respondents with high financial awareness, **8 out of 17 have good debt management**, whereas among those with no financial awareness, only one



respondent has good debt management and three each have poor and very poor debt management.

12. Taken together, the findings indicate that the financial difficulties of daily wage labourers are connected with **limited income, irregular saving, inadequate budgeting, dependence on informal credit and weak emergency preparedness**. The results also show that financial security is significantly associated with saving habits, while debt management is significantly associated with financial awareness. Thus, improving economic well-being requires attention not only to income but also to financial behaviour and financial knowledge.

Suggestions

1. **Prepare a Simple Daily Budget:** Workers should record their daily earnings and divide the available money among food, housing, education, healthcare, debt repayment and savings.
2. **Save a Small Amount Regularly:** Even ₹20–₹50 from daily earnings can be saved regularly. Small but continuous savings can gradually create financial security.
3. **Maintain an Emergency Fund:** A separate amount should be kept aside for illness, accidents, unemployment and other unexpected expenses.
4. **Reduce Dependence on Moneylenders:** Workers should first explore suitable bank loans, Self-Help Groups and other formal credit sources before approaching local moneylenders.
5. **Compare Loan Conditions:** Before borrowing, workers should check interest rates, repayment period, instalments and other charges.
6. **Avoid Unnecessary Borrowing:** Loans should mainly be used for essential needs, productive activities or genuine emergencies rather than avoidable consumption.
7. **Maintain a Loan Record:** Borrowers should note the loan amount, interest, instalments, repayment dates and outstanding balance in a notebook.
8. **Strengthen Self-Help Group Participation:** SHGs can help workers develop regular saving habits and obtain small loans under clearly understood conditions.
9. **Save More During Better-Income Periods:** When employment and earnings are higher, workers should increase savings and reduce outstanding debt.



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10. **Keep Savings in a Safe Formal Account:** Whenever possible, savings should be deposited in a bank or other appropriate formal savings facility rather than keeping large amounts as cash at home.
 11. **Prepare for Periods Without Employment:** Workers should reserve part of their earnings to meet household expenses during periods when daily wage work is unavailable.
 12. **Improve Financial Literacy:** Workers should receive simple practical guidance on budgeting, savings, interest, loans, insurance, banking and digital financial services.
 13. **Maintain Daily Expense Records:** Recording even small expenditures can help households identify unnecessary spending and control their monthly expenses.
 14. **Involve the Family in Financial Decisions:** Major expenses, borrowing and savings should be discussed among adult family members to improve financial discipline and planning.
 15. **Follow a Small-and-Regular Financial Plan:** Workers should gradually build financial security through regular saving, controlled expenditure, timely debt repayment and emergency preparedness rather than depending on large savings at one time.

Conclusion

Financial management plays an important role in improving the economic well-being of daily wage labourers, particularly because their income is often limited and irregular. The study found that many respondents do not prepare budgets regularly and that saving is often occasional rather than consistent. Dependence on local moneylenders is also high, while 48.6% of respondents reported that they cannot manage emergency expenses, indicating considerable financial vulnerability. The hypothesis results provide important insights. There was no significant association between monthly income and budgeting practices, suggesting that higher income alone does not necessarily result in better budgeting. However, significant associations were found between saving habits and financial security and between financial awareness and debt management. These findings highlight the practical importance of regular saving and financial knowledge in strengthening household financial management. The study therefore suggests that improving economic well-being requires more than increasing income. Simple budgeting, regular small savings, emergency funds, responsible borrowing, financial literacy and access to suitable formal financial services can help daily wage labourers



manage financial uncertainty more effectively. Community-based financial counselling, stronger Self-Help Groups and awareness of social-security and banking facilities can further support financial stability. A practical and continuous approach to financial management can gradually improve the capacity of daily wage households to meet present needs, manage emergencies and plan for future financial security.

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