

## **A Study on Financial Literacy among Labours at Construction Site with the Reference of Nagpur City**

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### **Abstract**

Financial literacy is the blend of one's knowledge, skills, and manners regarding financial matters. It helps one make well versed decisions and improve personal welfare. Research has been conducted globally for measuring the scope of financial literacy. Financial literacy study has been conducted at different levels through the governments in different areas; in addition, researchers are conducting surveys on it. This paper concentrated on financial literacy among working employees and to observe how well-resourced they are to take financial decisions. A survey has been conducted through a questionnaire to compute the attentiveness of financial literacy of working employees (labours at construction site) in the Nagpur region. The study portrays that gender, education, income, and age impact the altitude of financial literacy; further, the focal point of a relationship in investment choice of the respondents is based on some parameters. All investment avenues, except marriage and post office schemes, have an impact on financial literacy. This paper will help one adopt suitable strategies to hunt for the behaviour of financial literacy among the working employees. (labours at construction site)

**Keywords:** Financial Literacy; Labours at Construction Site; Nagpur Region; Working Employees; Financial Decisions.

### **INTRODUCTION**

The task played through governments and employers in running investments on behalf of citizens have shrunk considerably within the topical past, as a result of changes within the community structures. These individuals' accountability lies in supervising their investments and securing their financial future. In an environment where the range, and therefore, the complexity of monetary products still increase, individuals must develop a nuanced understanding of the planet of finance to be ready to make choices that are most appropriate to their financial goals and wishes. Financial literacy is principally fretful, with the good forecast of retirement days, gradual prosperity addition, and enhanced financial deciding. Thus, to be money-wise, being literate becomes significant from the preliminary stage of one's livelihood. However, gratitude to some individual or an expert hinders them; in turn, they become financially illiterate. This leaves them with unskilled awareness regarding financial connections, forcing them to make improper decisions, and so on; hence, they need financial awareness to be able to tackle financial concerns, which is a requisite to make informed decisions. Financial literacy is of exacting relevance to rising economies. As these economies endeavour to increase the financial condition of their people by achieving higher economic process charge, enrichment of fiscal literacy would help improve the financial welfare of their people, even though auxiliary means. This paper investigates the socio-demographic variables that pressure the financial thoughts, financial behavior, and financial attentiveness of the working employees in urban India. The paper investigates the influence of contextual variables that are unique to India on financial literacy and provides useful insights into politics.

This study also examines the link between the three dimensions of financial literacy employing a new methodology that is free from the power of the attributes of the respondents, and also investigates the investment choice of relationship-based parameters. Financial illiteracy can lead to several difficulties, such as accumulating an unsustainable debt burden, either due to poor spending decisions or due to a lack of long-term preparation. This in turn can lead to bad credit, bankruptcy, foreclosure and other negative consequences. Financial literacy can cover short-term financial strategy as well as long-term financial strategy, and which strategy you take will depend on several factors, such as your age, time horizon, and risk tolerance. Financial literacy encompasses knowing how investment decisions made today will impact your tax liabilities in the future.

However, findings from financial literacy studies around the globe are worrying. Financial literacy is found to be low including the population in advanced economies with well-developed financial markets. In addition, employees also experience changes in labour markets. In this regard, skills are becoming more critical which leads to divergence in

salary or wages between those with college degrees and those with lower levels of education. At the same time, financial markets also are rapidly changing, with advancements in technology as well as new and more complex financial products. From education loans to insurance and tactful, credit cards, and unit trusts, the range of financial products consumers have to select from is very different from what was offered in the past. Simultaneously, these financial products-related decisions also have implications on their financial and overall well-being. In addition, with the exponential growth in financial technology (Fin-Tech.), the financial market is revolutionizing in the way people make payments, seek financial advice, and make financial investment decisions. Therefore, it is crucial to understand how financially literate people are and to what extent their financial literacy affects their financial decision-making.

#### **REVIEW OF LITERATURE**

**Minaz M.N.M., Afra M.M.F., Ahamed M.A.B., Hilmy H.M.A, Risama K.F. (May 2023):-** The Financial Literacy of Daily Wage Workers: A Study Based On Daily Wage Workers In Nuwara-Eliya District of Sri Lanka carried out in his study to identify the financial literacy level of daily wage workers in the Nuwara-Eliya district. According to their study they depicted that their wage is insufficient to meet their daily needs.

**Afreen Sulthana, N. Subrahmanyam, P. Venkateshwara Rao( July 2021):-** A Study of Financial Literacy Awareness among Working Employees, With Special Reference to the Telangana Region has stated in their paper that their study proposes that financial literacy diverges suggestively among respondents based on several demographic and socioeconomic factors. Financial literacy level is affected by gender, education, income, and caste whereas it is not affected by age Overall, it can be concluded that financial literacy level is squat among working employees in Telangana and required measures should be taken by the government to increase awareness about finance-related staples.

**Dr. Gomathy Thyagarajan, Prof. Jyoti (Aug. 2016):-** conducted a study on Financial Inclusion In India – A Review and concluded in his study, Despite the measures adopted and improved financial access, the studies indicate that addressing financial exclusion requires the bank's all-inclusive approach in creating more awareness about financial products, money management, debt counseling, savings and affordable credit by designing and organizing aggressive education cum promotion campaigns in unbanked parts of any region. There is also a need for harmonized action between the banks, the Government and others to make possible access to bank accounts amongst the financially excluded.

**Sethy Susanta Kumar (2016):-** in his study has proposed a Financial Inclusion Index to measure the extent of financial inclusion across economies. Both supply side dimensions like access to savings, insurance, bank risk and demand side dimensions like banking penetration, availability of banking services and usage of banking system were used for development of index. It was observed that India is categorized on high Financial Inclusion on demand and low financial inclusion of supply side. It was recommended that GOI and RBI adopt adequate policy measures to improve supply side dimension of financial inclusion.

**Pradnya P. Meshram and Abhijeet Randad (2015):-** carried out a survey on 100 respondents and analysed the percentage of population for awareness of financial inclusion from customers perceptive. The findings suggest that over three-fourths of the households had at least one family member who could read and write and in terms of livelihood, a majority of the households were involved in agricultural activities but still the awareness level of financial inclusion was very low. The study further suggests that it is not sufficient by merely opening a bank account as it will not meet the objective of financial inclusion. The common man should get the confidence to use the financial services which should be made available at their doorstep.

**Dr. Bidyut Jyoti Bhattacharjee (Jan.2014):-** conducted a study on Financial Literacy and Its' Influencing Factors: An Empirical Study of Indian Investors it can be concluded that overall financial literacy level among all the respondents is not encouraging. That shows that in our country people are still not much aware about their finance related issues. The results suggest that level of financial literacy varies significantly among respondents based on various demographic and socio-economic factors. Author concluded that financial literacy level gets affected by education, income, age, and nature of employment and place of work. Overall it can be concluded that financial literacy level is low in our country and necessary measures should be taken by government to increase awareness about financial related matters.

#### **OBJECTIVES OF THE STUDY**

Historically, India is country of wide diversity in terms of the cultural and socio-economic contexts, which make the evolution and measurement of financial literacy a challenging task. Hence, comprehensive research on the financial literacy and its components viz. financial knowledge, attitude, and behavior could provide much deeper insights for effective policy formulation. Awareness programs and advertisement campaigns, etc., may be conducted for respondents

on the components of financial literacy for which their score is low. The results of the present study may also be beneficial in enhancing the understating of financial literacy, and, consequently, increase the chances of making an informed and effective decision when selecting a financial product. Primarily, the present study is intended to assess the level of financial literacy of the respondents from Nagpur city. Further it aims to depict the relationship between financial literacy and various demographic factors. This study aims to:

- To measure the level of financial literacy of working labours.
- To test the relationship between financial literacy and the use of financial services for unorganized sector workforce.
- To find what problems & challenges are facing by labours for doing financial related decision by own.
- To suggest remedial action for the financial inclusion and problems faced by labours.

## **RESEARCH METHODOLOGY**

### **Research design**

A quantitative and descriptive research approach is used in the study. A structured physical interview was conducted with the construction sites workers to collect data and the sample of the study included 101. All the information was collected by personal interviews using the questions included in the questionnaire. The questionnaire used in the survey covers the most important dimensions of financial literacy: financial knowledge, financial behavior, and financial attitude. The study attempts to analyses the financial literacy of the respondents on the basis of the socio-demographic variable.

### **Type of Data**

The research study is done by using primary as well as secondary data.

### **Sources of data**

The research is done by using primary as well as secondary sources to collect the information. Primary data was collected through a structured questionnaire for this study which includes demographic factors like age, state, wages, salary and questions related to their bank accounts. Secondary sources include articles, research papers and websites.

### **Sampling techniques**

Non probability sampling is used to collect the samples.

### **Sample Size**

101 samples are collected to study the problem about financial literacy.

### **Hypothesis**

The hypotheses that are tested in the research are:

Null hypothesis (H0): There is no significant relationship between financial literacy and the use of financial services.

Alternative hypothesis (H1): There is a significant relationship between financial literacy and the use of financial services.

### **Limitations of the study**

- This study was limited to 101 respondents only.
- In this study data collection was restricted to Nagpur area only.
- In this study we considered construction sites labour only.

### **Data Analysis**

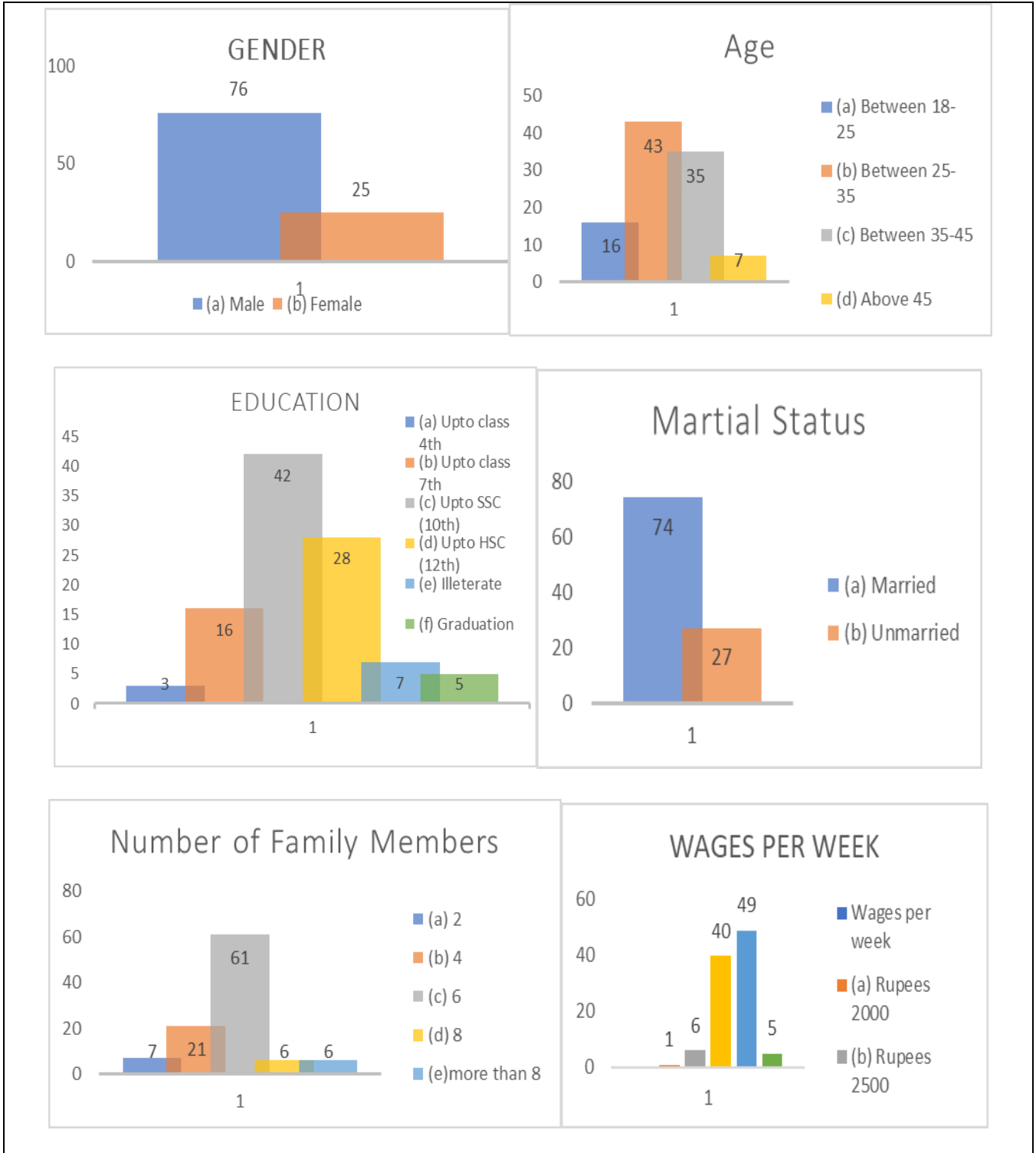
Table 1: Demographic Characteristics of Respondents (Total respondent 101)

<b>Sr. No.</b>	<b>Demographic Factor</b>	<b>Number of respondents</b>
1	Gender	
	(a) Male	76
	(b) Female	25
2	Age	

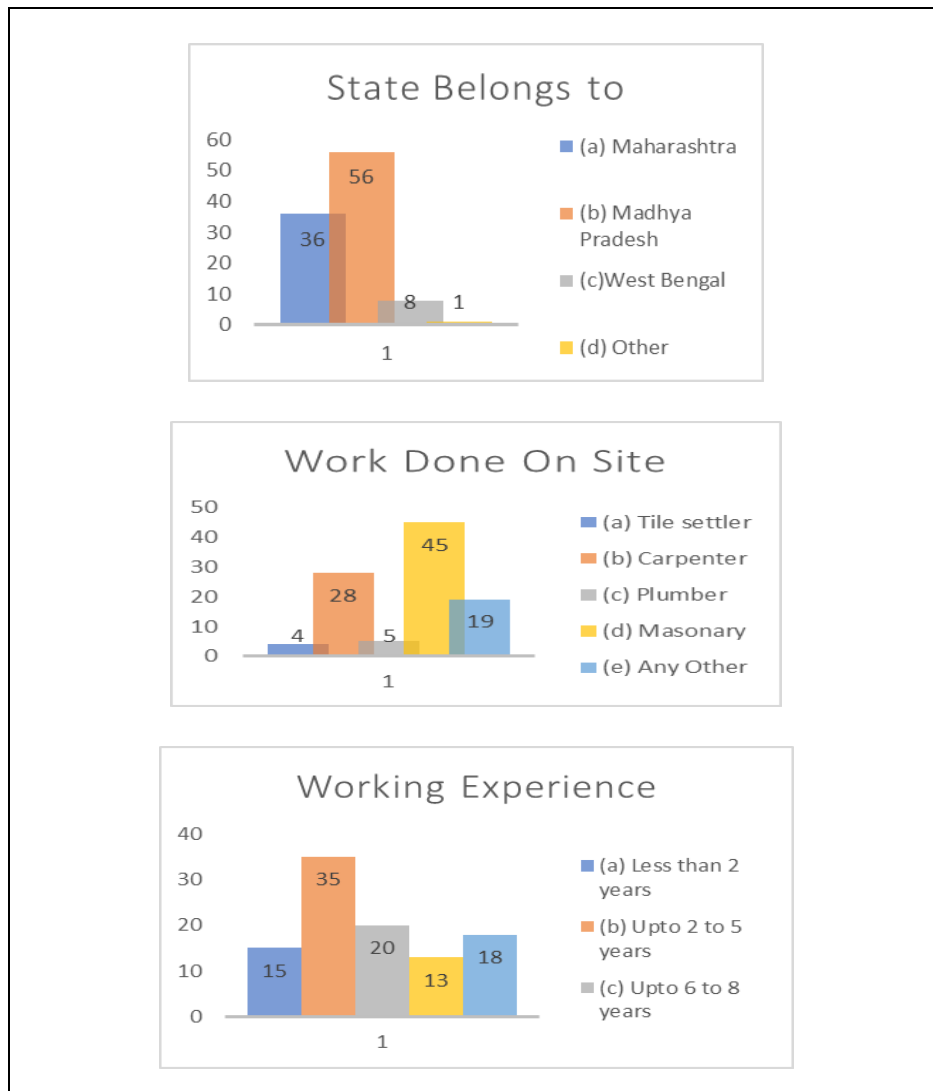
	(a) Between 18-25	16
	(b) Between 25-35	43
	(c) Between 35-45	35
	(d) Above 45	7
3	Education	
	(a) Upto class 4th	3
	(b) Upto class 7th	16
	(c) Upto SSC (10th)	42
	(d) Upto HSC (12th)	28
	(e) Illiterate	7
	(f) Graduation	5
4	Marital Status	
	(a) Married	74
	(b) Unmarried	27
5	Family Members	
	(a) 2	7
	(b) 4	21
	(c) 6	61
	(d) 8	6
	(e)more than 8	6
6	Wages per week	
	(a) Rupees 2000	1
	(b) Rupees 2500	6
	(c)Rupees 3000	40
	(d) Rupees 3500	49
	(e)More than 3500	5
7	State belongs to	
	(a) Maharashtra	36
	(b) Madhya Pradesh	56
	(c)West Bengal	8
	(d) Other	1
8	Work does on site	
	(a) Tile settler	4
	(b) Carpenter	28
	(c) Plumber	5
	(d) Masonry	45
	(e) Any Other	19
9	Working Experience	
	(a) Less than 2 years	15
	(b) Upto 2 to 5 years	35
	(c) Upto 6 to 8 years	20
	(d) Upto 9 to 10 years	13
	(e) More than 10 years	18

The demographic characteristic of the respondents is given below in Table 1. This study has been carried out among 101 respondents of urban region of Nagpur. The majority of the participants were males (75%) and (25%) of participants were females. The age range of most of them was between 18-25 (16%), between 25-35 (42%), between 35-45 (35%) and above 45 was 7%. When they were asked about their educational background, they mentioned mostly 6 types of qualifications which are up to 4<sup>th</sup>, up to 7<sup>th</sup>, up to HSC (10<sup>th</sup>), up to SSC (12<sup>th</sup>), Graduation and illiterate. However, the majority of respondents had completed their studies up to HSC (10<sup>th</sup>) (41%).

According to their marital status, a majority of them are married (73%). Most of the respondents have a joint family with 6 family members. According to their work they earn different wages per week. Their wages per week starts from Rupees 2000, Rupees 2500, Rupees 3000, Rupees 3500 and more than 3500. However, most of them earn 3500 per week. The respondents belong to Nagpur Maharashtra only. The respondents are working in the field of construction from 2 to 5 years.



Sources: Primary data



Sources: Primary data

**Hypothesis Testing:**

Null hypothesis (H0): There is no significant relationship between financial literacy and the use of financial services.

Alternative hypothesis (H1): There is a significant relationship between financial literacy and the use of financial services.

**Correlations**

		Financial Literacy	Use of Financial Service
Financial Literacy (FL)	Person Correlation (2 Tailed)	1	0.154
	N	101	101
	Person Correlation	0.154	1
Use of Financial Service(UFS)	Person Correlation (2 Tailed)	0	
	N	101	101

Correlation is significant at the 0.01 level (2-tailed).

Source: Calculation by authors

**Interpretation:** - It is observed in the table above that there is a positive correlation coefficient of 0.154 between FL and UFS, which is significant at 1% level. This value suggests a positive and moderately strong linear relationship between the two variables. Hence Alternative hypothesis is accepted.

## **FINDINGS**

- The effect of education on financial literacy levels is logical since education years imply higher literacy which makes a person more competent to understand and grasp the various concepts relating to financial decisions.
- A noticeable point is that improvement in financial literacy leads to an increased tendency to use financial services more than before.
- Awareness level among the labours about Govt. schemes are very low. Hence govt. and other agencies should provide information in simple and understandable language either by labours bank or concern authority. Even should inform by labours boss at site.

## **CONCLUSIONS**

According to the study, financial literacy has a significant positive impact on people's use of financial services. It can be inferred that with better occupational standards, an individual improves their financial literacy level. People in the construction site (unorganized sector) are still not paying attention to their finance-related concerns, as evidenced by this. Previous research has shown that working employees do not have high investment habits. It is expected that there is a need for adequate financial literacy and financial-related information. The level of financial literacy among construction site employees in the unorganized sector is low, as can be concluded. The government should take necessary measures to increase awareness about finance-related staples.

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