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Personal Financial Management and Its Impact on Financial Well-being: A Study on Individual Money Practices Among MGNREGS Women Workers

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Abstract

Personal financial management plays a crucial role in achieving financial stability and independence. This study explores how individuals, particularly women employed under the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), manage their finances. Focusing on a sample of 60 women workers from Anchal panchayat in Kollam Sistrict, the study investigates their budgeting habits, confidence in managing finances, and awareness of savings and investment avenues. The findings highlight the need for targeted financial literacy programs to promote financial inclusion and wellbeing, especially among the unorganised sector.

Keywords: Personal Financial management, Saving habit, Debt management

1. Introduction

Personal financial management encompasses activities such as budgeting, saving, debt control, and investing, which together enable individuals to meet their financial goals and lead financially secure lives. As people progress through different life stages, their financial needs and priorities change, requiring regular updates to financial plans (Career Success for Newbies, 2006). According to Bimal Bhatt (2011), sound financial planning improves standard of living and reduces financial stress, paving the way for a healthier, more secure life.

In the context of rural India, especially among women engaged in wage-based employment like the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), managing personal finances becomes even more critical. These women often contribute significantly to their household income, yet face challenges in making informed financial decisions due to limited exposure to financial systems and formal education. Their ability to manage money not only impacts their own well-being but also that of their families and communities. Therefore, equipping them with financial management skills can create a ripple effect in promoting financial resilience at the grassroots level.

Moreover, the growing emphasis on financial inclusion by the Government of India, through schemes like Jan Dhan Yojana and digital banking services, has created opportunities for rural populations to engage with formal financial systems. However, without adequate financial literacy, access alone cannot ensure effective usage. Understanding how to budget income, save regularly, avoid unproductive debt, and invest wisely are crucial skills that need to be developed. This study aims to assess these aspects specifically among MGNREGS women workers, with a view to identifying gaps and opportunities for targeted intervention.

2. Need and Significance of the Study

Despite increasing income opportunities, especially through government employment programs like MGNREGS, many rural individuals—particularly women—struggle to manage their earnings effectively due to limited financial awareness. In India, the unorganised sector forms the backbone of the workforce, and ensuring financial literacy among these workers is crucial for promoting economic equality and long-term national growth.

Women in rural areas often act as key financial decision-makers within the household. Their financial behavior impacts not only their families but also the wider community. Equipping them with financial knowledge enhances savings, reduces dependence on informal credit, and encourages investment in productive assets.

3. Objectives of the Study

1. To assess how women workers under MGNREGS manage their personal finances in terms of income allocation, budgeting, and expense control.
2. To analyse the spending patterns of women after meeting essential household expenses.
3. To evaluate their level of confidence in managing financial needs, including emergencies and long-term savings.
4. To examine the level of awareness about formal saving and investment avenues among the respondents.

4. Literature Review

(Bhovi et al., 2024),The paper emphasizes the importance of personal financial management (PFM) strategies, such as budgeting and saving, for achieving financial stability and well-being, highlighting the influence of financial education and socioeconomic factors on individual money practices among various demographics.

(Rani, 2023), The paper emphasizes personal finance management as a mediating factor between financial literacy and financial well-being, highlighting its role in promoting responsible financial behaviors and influencing retirement planning, which is crucial for improving financial health among individuals.

(Goyal et al., 2021), The paper reviews Personal Financial Management Behavior (PFMB) literature, highlighting factors influencing financial behavior and outcomes like financial well-being. It emphasizes the need for comprehensive measures and future research on specific demographics, including women workers in programs like MGNREGS.

(Zulfiqar, 2016) ,The study concludes that financial literacy and a positive financial attitude are essential for achieving financial wellbeing. It suggests that efforts should be made to enhance financial literacy among women, particularly in sectors where they are underrepresented

While the literature emphasizes the positive impact of personal financial management on women's financial well-being, it is essential to recognize that barriers such as socio-economic challenges and limited access to financial education can hinder effective financial practices. Addressing these barriers is crucial for enhancing the financial well-being of women workers in programs like MGNREGS.

5. Research Methodology

- **Research Design**: Descriptive research design was used to understand and evaluate the financial behavior of respondents.
- **Sample Size**: 60 women workers employed under MGNREGS.
- **Sampling Area**: Selected from Anchal rural panchayat.
- **Sampling Method**: Simple random sampling was used to select the respondents to ensure unbiased representation.
- **Data Collection**: Primary data was collected using a structured questionnaire that included both close-ended and open-ended questions
- **Data Analysis**: Data was analysed using percentage analysis and tabulation for better understanding and comparison of responses.

6. Results & Discussion

Table. No.1 Demographic distribution of respondents

Age	No.of Respondents	Percentage
20-30	6	10
30-40	14	23
40-50	27	45
Above 50	13	22
Marital Status		
Married	55	92
Unmarried	5	8
Educational Qualification		
Upto SSLC	24	40
Pre degree	18	30
Degree	18	30
No.of family Members		
2	6	10
3	15	25
4	22	37
More than 4	17	28
Average Monthly income of family		
< 15000	32	53
15000-25000	22	37
25000-35000	4	7
Above 35000	2	3

Table No.2 Money Management Practices for MNREGA Workers

Sl.No	Statements	Mean	S.D
1	I spend money first on daily needs like food, medicines etc before buying other things	3.9	1.003
2	Before going to the market, I make a list of things I need to buy.	3.6	1.045

3	I spend money only when I have cash in hand	3.567	1.125
4	I buy items in larger quantities (like rice or oil) to save money.	3.783	0.993
5	I use borrowed money or take loans only for important needs.	4.133	0.853
6	I try to follow a plan on how much to spend each week or month.	3.733	0.972
7	I keep some money aside in case someone in my family falls sick.	3.867	0.965

MNREGA workers display generally responsible money management practices, especially in prioritizing needs, borrowing cautiously, and saving for emergencies. While there is some variability in planning and cash-only spending habits, the overall trend reflects a commendable level of financial awareness given their socioeconomic constraints.

Testing of Hypothesis

Hypothesis No.1.

H0- There is no significant difference in money management practices between different age groups.

H1- There is no significant difference in money management practices between different age groups.

ANOVA Analysis

Source of Variation	*SS*	*df*	*MS*	*F*	*P-value*	*F crit*
Between Groups	155.4437729	3	51.81459096	7.306329103	0.000353645	2.782600423
Within Groups	368.7705128	52	7.091740631			
Total	524.2142857	55				

The table above reveals that P-value = 0.00035, which is less than 0.05, confirms that the result is statistically significant.Therefore, **we reject the null hypothesis** that there is no difference in money management practices between different age groups.This suggests that age influences how workers manage their finances—possibly due to experience, responsibilities, or financial awareness that comes with age.

Hypothesis No.2

H_0: There is no significant difference in money management practices across different educational qualification levels.

H_1: There is a significant difference in money management practices between at least two qualification groups.

ANOVA

Source of Variation	*SS*	*df*	*MS*	*F*	*P-value*	*F crit*
Between Groups	67.07856598	2	33.53928299	4.261897839	0.01911646	3.168245967
Within Groups	424.9565217	54	7.869565217			

Total	492.0350877	56

The table reveals that F value is greater than F critical value and P value is less than 0.05,the **null hypothesis is rejected.** There is a statistically significant difference in money management practices across different educational qualification groups. This means educational qualifications do influence how people manage their money.

Suggestions

1. Train workers to track income and expenses, set financial goals, and build a monthly household budget.
2. Use Self-Help Groups to support group savings, provide low-interest loans, and foster peer learning and accountability.
3. 3.Educate workers about the risks of borrowing from moneylenders and link them to formal credit through SHGs or government schemes.

Conclusion

The study on Personal Financial Management and Its Impact on Financial Well-being among MGNREGS women workers highlights the significant role that financial literacy and sound money management practices play in enhancing their financial well-being.it is essential to implement targeted interventions such as financial literacy programs, promoting the use of digital banking tools, and strengthening Self-Help Groups (SHGs) for peer accountability and savings. In addition, leveraging Post Office Savings Schemes can be an effective way to encourage small, secure, and accessible saving habits, especially for workers in rural areas. These schemes provide a reliable option for savings without requiring large deposits or complicated processes.Furthermore, offering low-interest loans through SHGs can provide workers with the financial support they need without the burden of high-interest debts from informal lenders. By improving access to formal savings and credit options, such initiatives will allow women workers to manage their earnings better, build savings, and make informed financial decisions, leading to improved financial security and well-being.

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