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# A Study on the Financial Well-Being of Daily Wage Workers: Income, Expenditure, and Savings Behaviour

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**ABSTRACT**

Daily wage labourers constitute a significant segment of the informal workforce and are often characterized by low, unstable, and unpredictable earnings. This study examines the income and expenditure patterns of daily wage labourers to understand their financial stability, consumption behaviour, and livelihood challenges. Using primary data collected through structured questionnaires and field interviews, the research analyses monthly income variability, spending priorities, savings ability, and indebtedness among workers. The findings reveal that most labourers allocate a major share of their earnings to essential needs such as food, rent, healthcare, and transportation, leaving limited scope for savings or investment. Income instability and lack of social security emerged as major factors contributing to financial vulnerability.

## INTRODUCTION

### 1.1 MINIMUM WAGES ACT 1948

The Minimum Wages Act 1948 is an Act of Parliament concerning Indian labour law that sets the minimum wages that must be paid to skilled and unskilled labours. The Indian Constitution has defined a 'living wage' that is the level of income for a worker which will ensure a basic standard of living including good health, dignity, comfort, education and provide for any contingency. However, to keep in mind an industry's capacity to pay the constitution has defined a 'fair wage'. [1] Fair wage is that level of wage that not just maintains a level of employment, but seeks to increase it keeping in perspective the industry's capacity to pay. To achieve this in its first session during November 1948, the Central Advisory Council appointed a Tripartite Committee of Fair Wage. This committee came up with the concept of Minimum Wages. A minimum wage is such a wage that it not only guarantees bare subsistence and preserves efficiency but also provides for education, medical requirements and some level of comfort. [1] India introduced the Minimum Wages Act in 1948, [2] giving both the Central government and State government jurisdiction in fixing wages. The act is legally non-binding, but statutory. Payment of wages below the minimum wage rate amounts to forced labour. Wage Boards are set up to review the industry's capacity to pay and fix minimum wages such that they at least cover a family of four's requirements of calories, shelter, clothing, education, medical assistance, and entertainment. Under the law, wage rates in scheduled employments differ across states, sectors, skills, regions and occupations owing to difference in costs of living, regional industries' capacity to pay, consumption patterns, etc. Hence, there is no single uniform minimum wage rate across the country and the structure has become overly complex. The highest

minimum wage rate as updated in 2012 is Rs. 322/day in Andaman and Nicobar [3] to Rs. 38/day [4] in Tripura.

**1.2 Minimum wage and Indian law:**

The Minimum Wage Act of 1948, passed by the Indian parliament, fixes the minimum wage for certain 'scheduled employment' categories – which is applicable to the whole of India. The minimum wages given under this Act apply to both skilled as well as unskilled laborers.

Under the 1948 Act, a Tripartite Committee of Fair Wage was appointed that defined the minimum wage in India as a wage that must guarantee bare livelihood.

The term 'scheduled employment' means an employment specified in the list appended to the Minimum Wages Act or any process or branch of work forming part of such employment.

In India, minimum wages are not fixed for an industry in a state, if there are less than 1,000 employees working in that industry in that state.

## METHODOLOGY

### 2.1 PICTORIAL REPRESENTATION OF A DATA SET

"All single picture is worth ten thousand words"-so goes a common saying. This is all the more relevant in statistics where an investigator uses graphical or practical or pictorial representation of data to gain better insight into the statistical problem being encountered. The step of pictorial representation comes after the raw dataset has been pruned and organized.

The most common and simple forms of pictorial representation of data are as follows:

1. Pie diagram
2. Bar diagram
3. Histogram
4. Stem-leaf display

Though the first two approaches above are similar in nature, the Bar diagram is meant for categorical data whereas the Histogram and Stem-leaf display are meant solely for quantitative data. On the other hand the Pie diagram can be used for both types of data.

#### 2.1.1 PIE CHART:

Pie chart is a circular path divided into sectors, illustrating relative magnitude or frequencies or percents. In a pie chart, the arc length of each sector (and consequently its central angle and area), is proportional to the quantity it represents. Together, the sectors create a full disk. It is named for its resemblance to a pie which has been sliced.

While the pie chart is perhaps the most ubiquitous statistical chart in the business world and the mass media, it is rarely used in scientific or technical publications.

1. It is one of the most widely criticized charts.
2. Many statisticians recommend to avoid its use altogether
3. Pointing out in particular that it is difficult to compare different sections of a given pie chart, or to compare data across different pie charts
4. Pie charts can be an effective way of displaying information in slice with the whole pie, rather than comparing the slices among them.
5. Pie charts work particular well when the slices represent 25 or 50% of the data.
6. In general, other plots such as the Bar chart or the Dot plot, or non-graphical methods such as tables, may be more adapted for representing information.

7. The size of each central angle is proportional to the size of the corresponding quantity. Since the sum of the central angles has to be 360°, the central angle for a quantity Q total angle in 360°.

Statistical tend to regard pie charts as a poor method of display information. While pie charts are common in business and journalist, they are uncommon in scientific literature. One reason for this is more difficult for comparisons to be made between the size of items in a chart when area is used instead of length. In Steve's power law, visual area is perceived with a power 0.7, compared to a power of 1.0 for length. This suggests that length is a better scale to use, since perceived differences would be linearly related to actual differences.

In research performed at A.T &T bell laboratories, it was shown that comparison by angle was less accurate than comparison by length. Most subjects have difficulty ordering the slices in the pie chart by size; when the bar chart is used the comparison is much easier.

Similarly, comparisons between datasets are easier using the bar chart. However , if the goal is to compare a given category (a slice of the pie) with the total (the whole pie) in a single chart and the multiple is close to 25% or 50%, then a pie chart works better than a bar graph.

**2.1.2. EXPLODED PIE CHART:**

A chart with one or more sectors separated from the rest of the disk. This effect is used to either highlight smaller segments of the chart with small proportions.

**2.2. BAR CHART (OR) DIAGRAM:**

This consists of a series of equally spaced rectangles of equal width standing on a common base and with heights proportional to the quantity or frequency being measured. The bars can be either vertical or horizontal.

Only if the bars are of equal width and stand on a common base line, will it be possible to have a visual comparison sometimes; straight lines may be used instead of bars.

**2.3. CROSS TABS:**

A **cross tabulation**(often abbreviated as **cross tab)** displays the joint distribution of the two or more variables. They are usually presented as contingency table in a matrix format. it provides the distribution of one variable; a contingency table describes the distribution of two or more variables simultaneously. Each cell shows the number of respondents who gave a specific combination of responses, that is, each cell contains single cross tabulation.

**2.3.1. IMPORTANCE OF CROSS TABLES:**

1. They are easy to understand. The appeal to people who do not want to use more sophisticated measures.
2. They can be used with any level of data.
3. A table can provide greater insight than single statistics.
4. It solves the problem of empty or space cells.
5. They are simple to conduct.

**2.4 PROBABILITY SAMLING:**

Probability sampling is the scientific method of selecting samples according to some laws of chance in which each unit in the population has some definite pre-assigned probability of being selected in the sample. The different types of probability sampling are:

- Where each unit has an equal chance of being selected.

- Sampling units have different probabilities of being selected
- Probability of selection of a unit is proportional to the sample size.

**2.5 SIMPLE RANDOM SAMPLING (S.R.S)**

It is the technique of drawing a sample in such a way that each unit of the population has an equal and independent chance of being included in the sample.

In this method, an equal probability of selection is assigned to each unit of the population at the first draw. It also implies an equal probability of selecting any unit from available units at subsequent draws.

Thus in S.R.S from a population of N units, the probability of drawing any unit at the first draw is 1/N, the probability of drawing any unit in the second draw from among the available (N-1) units, is 1(N-1), and so on

**2.6. SPSS IS A COMPUTER PROGRAM USED FOR STATISTICAL ANALYSIS:**

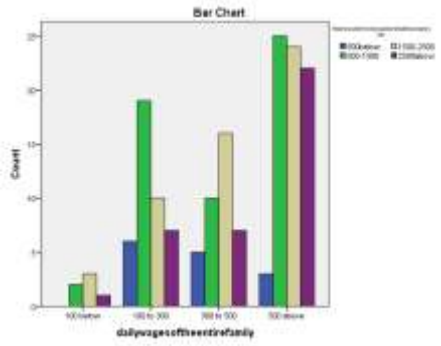
**SPSS (**originally, Statistical Package for the Social Sciences) was released in its first version in 1968 after being developed by Norman H. Nile and C. Hadlai Hull. Norman Nie was then a political science postgraduate at Standford University, and now Research Professor in the Department of Political Science at Standford University and Professor Emeritus of Political Science at the University of Chicago. SPSS is among the most widely used programs for statistical analysis in social science. It is used by market researches, survey companies, government, education researches, marketing organizations and others. The original SPSS manual (Nie, Bent & Hull, 1970) has been described as one of "sociology's most influenced books". The addition to statistical analysis, data management (case selection, in the data file) are features of the base software.

**STATISTICAL INCLUDED IN THE BASE SOFTWARE:**

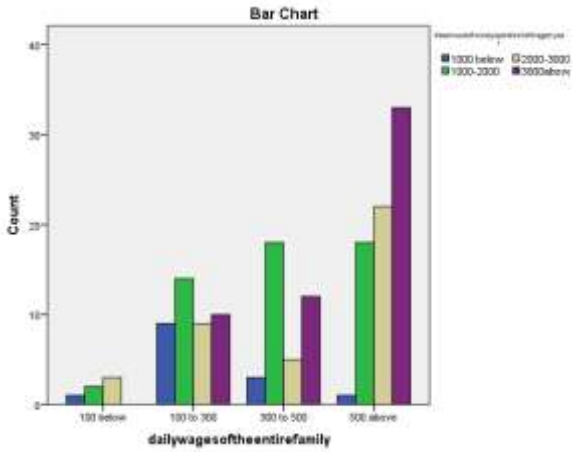
Descriptive statistics: Cross tabulation, Frequencies, Descriptive, Explore, Descriptive Ratio Statistics Bivariate statstics: Means, t-test, ANOVA, Correlation (Bivariate, partial, distances), Nonparametric tests Prediction for numerical outcomes: Linear regression Prediction for identifying groups: Factors analysis, cluster analysis (two-step, K-means, hierarchical), Discrimination SPSS places constrains on internal file structure, data types, data processing and matching files, which together considerable simplify programming. SPSS datasets have a 2-dimensional table structure where the rows typically represent cases (such as individuals or households) and the columns represent measurements (such as age, sex or households income). Only 2 data types are defined: numeric and text (or "string"). All data processing occurs sequentially case-by-case through the file. Files can be matched one-to-one and one-to-many, but not many-to-many.

**Data Analysis**

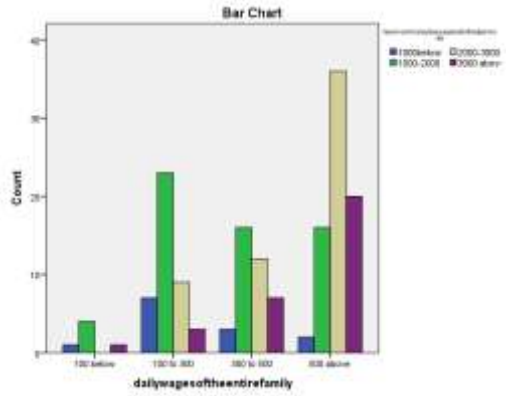
| **dailywagesoftheentirefamily * theamountofmoneyspentonhealthcareperyearCrosstabulation** | | | | | | |
|---|---|---|---|---|---|---|
| Count | | | | | | |
| | | theamountofmoneyspentonhealthcareperyear | | | | Total |
| | | 500below | 500-1500 | 1500-2500 | 2500above | |
| Dailywagesoftheentirefamily | 100 below | 0 | 2 | 3 | 1 | 6 |
| | 100 to 300 | 6 | 19 | 10 | 7 | 42 |
| | 300 to 500 | 5 | 10 | 16 | 7 | 38 |
| | 500 above | 3 | 25 | 24 | 22 | 74 |
| Total | | 14 | 56 | 53 | 37 | 160 |



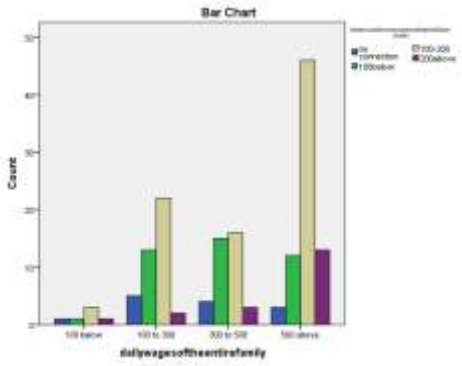

| dailywagesoftheentirefamily * theamountofmoneyspentonclothingperyearCrosstabulation | | | | | | |
|---|---|---|---|---|---|---|
| Count | | | | | | |
| | | Theamountofmoneyspentonclothingperyear | | | | Total |
| | | 1000 below | 1000-2000 | 2000-3000 | 3000above | |
| dailywagesoftheentirefamily | 100 below | 1 | 2 | 3 | 0 | 6 |
| | 100 to 300 | 9 | 14 | 9 | 10 | 42 |
| | 300 to 500 | 3 | 18 | 5 | 12 | 38 |
| | 500 above | 1 | 18 | 22 | 33 | 74 |
| Total | | 14 | 52 | 39 | 55 | 160 |



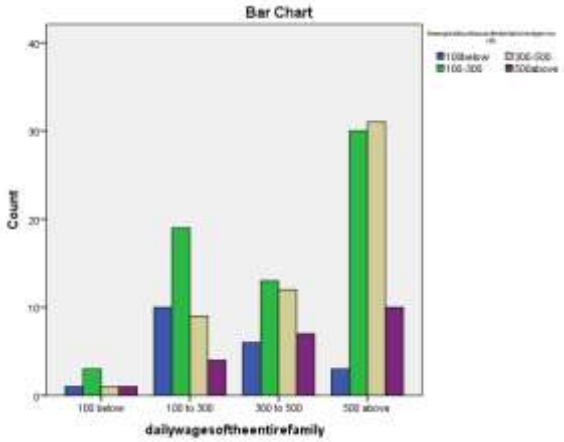

| dailywagesoftheentirefamily * howmuchmoneydoyouspendonfoodpermonthCrosstabulation | | | | | | |
|---|---|---|---|---|---|---|
| Count | | | | | | |
| | | howmuchmoneydoyouspendonfoodpermonth | | | | Total |
| | | 1000below | 1000-2000 | 2000-3000 | 3000 above | |
| dailywagesoftheentirefamily | 100 below | 1 | 4 | 0 | 1 | 6 |
| | 100 to 300 | 7 | 23 | 9 | 3 | 42 |
| | 300 to 500 | 3 | 16 | 12 | 7 | 38 |
| | 500 above | 2 | 16 | 36 | 20 | 74 |
| Total | | 13 | 59 | 57 | 31 | 160 |



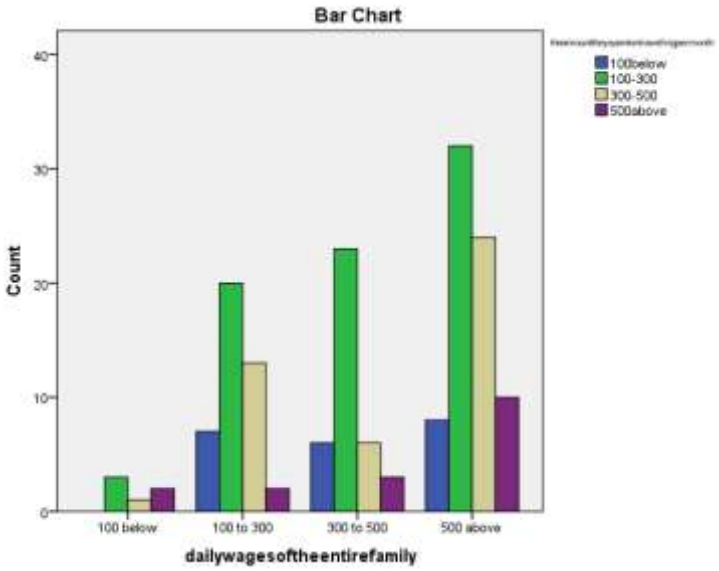

| dailywagesoftheentirefamily * theamountofmoneyspentonthedishbillpermonthCrosstabulation | | | | | | |
|---|---|---|---|---|---|---|
| Count | | | | | | |
| | | theamountofmoneyspentonthedishbillpermonth | | | | Total |
| | | no connection | 100below | 100-200 | 200above | |
| dailywagesoftheentirefamily | 100 below | 1 | 1 | 3 | 1 | 6 |
| | 100 to 300 | 5 | 13 | 22 | 2 | 42 |
| | 300 to 500 | 4 | 15 | 16 | 3 | 38 |
| | 500 above | 3 | 12 | 46 | 13 | 74 |
| Total | | 13 | 41 | 87 | 19 | 160 |




| dailywagesoftheentirefamily * theexpendituretowardentertainmentpermonthCrosstabulation | | | | | | |
|---|---|---|---|---|---|---|
| Count | | | | | | |
| | | theexpendituretowardentertainmentpermonth | | | | Total |
| | | 100below | 100-300 | 300-500 | 500above | |
| dailywagesoftheentirefamily | 100 below | 1 | 3 | 1 | 1 | 6 |
| | 100 to 300 | 10 | 19 | 9 | 4 | 42 |
| | 300 to 500 | 6 | 13 | 12 | 7 | 38 |
| | 500 above | 3 | 30 | 31 | 10 | 74 |
| Total | | 20 | 65 | 53 | 22 | 160 |

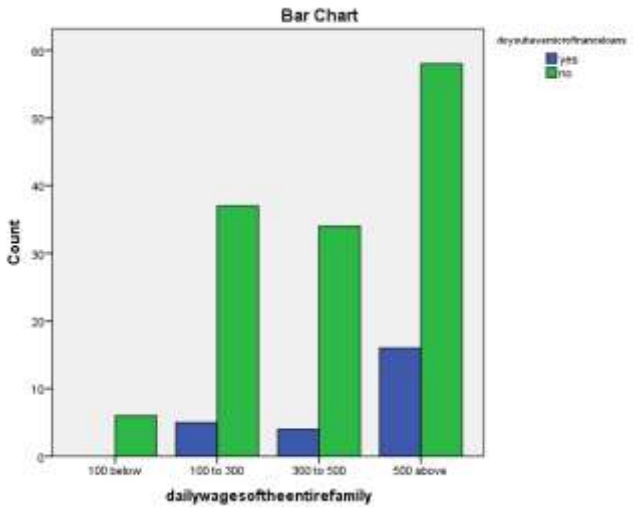



| dailywagesoftheentirefamily * theamounttheyspentontravellingpermonthCrosstabulation | | | | | | |
|---|---|---|---|---|---|---|
| Count | | | | | | |
| | | theamounttheyspentontravellingpermonth | | | | Total |
| | | 100below | 100-300 | 300-500 | 500above | |
| dailywagesoftheentirefamily | 100 below | 0 | 3 | 1 | 2 | 6 |
| | 100 to 300 | 7 | 20 | 13 | 2 | 42 |
| | 300 to 500 | 6 | 23 | 6 | 3 | 38 |
| | 500 above | 8 | 32 | 24 | 10 | 74 |
| Total | | 21 | 78 | 44 | 17 | 160 |

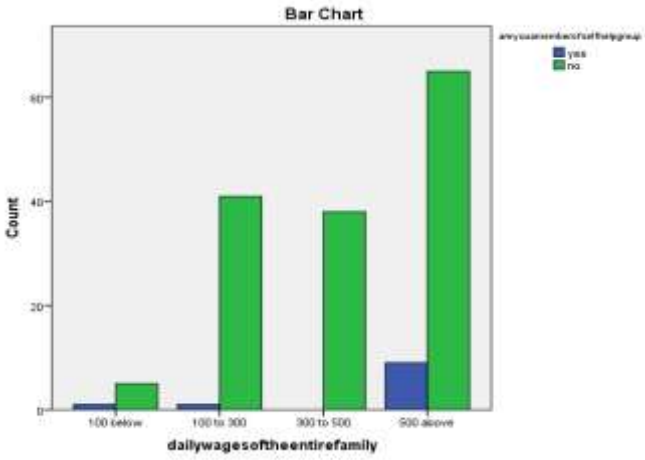



| dailywagesoftheentirefamily * doyouhavemicrofinanceloansCrosstabulation | | | |
|---|---|---|---|
| Count | | | |
| | doyouhavemicrofinanceloans | | Total |
| | yes | no | |

| | | | | |
|---|---|---|---|---|
| dailywagesoftheentirefamily | 100 below | 0 | 6 | 6 |
| | 100 to 300 | 5 | 37 | 42 |
| | 300 to 500 | 4 | 34 | 38 |
| | 500 above | 16 | 58 | 74 |
| Total | | 25 | 135 | 160 |




| **dailywagesoftheentirefamily areyouamemberofselfhelpgroupCrosstabulation** | | | | * |
|---|---|---|---|---|
| Count | | | | |
| | | areyouamemberofselfhelpgroup | | Total |
| | | yes | no | |
| dailywagesoftheentirefamily | 100 below | 1 | 5 | 6 |
| | 100 to 300 | 1 | 41 | 42 |
| | 300 to 500 | 0 | 38 | 38 |
| | 500 above | 9 | 65 | 74 |
| Total | | 11 | 149 | 160 |



## CONCLUSION

- OUT OF 160 FAMILIES 14 FAMILIES WERE SPENDING BELOW 500 AND 37 ARE SPENDING ABOVE 2500 FOR HEALTH CARE.
- OUT OF 160 FAMILIES 14 FAMILIES WERE SPENDING BELOW 1000 AND 55 FAMILIES ARE SPENDING ABOVE 2500 FOR CLOTHING.
- OUT OF 160 FAMILIES 13 FAMILIES WERE SPENDING BELOW 1000 AND 31 FAMILIES ARE SPENDING ABOVE 3000 FOR FOOD MONTHLY.
- OUT OF 160 FAMILIES 13 FAMILES HAVE NO T.V CONNECTIONS AND 19 FAMLIES ARE SPENDING ABOVE 200 PER MONTH FOR CABLE CONNECTION.
- OUT OF 160 FAMILIES 20 FAMILIES WERE SPENDING BELOW 100 AND 22 FAMILIES ARE SPENDING ABOVE 500 FOR ENTERTAINMENT PER MONTH.
- OUT OF 160 FAMILIES 21 FAMILIES WERE SPENDING BELOW 100 AND 17 FAIMLIES ARE SPENDING ABOVE 500 FOR TRAVELLING PURPOSE.
- OUT OF 160 FAMILIES 25 FAMILIES HAVE MICRO FINANCE LOANS AND 135 FAMILIES HAVE NO MICRO FINANCE LOANS.
- OUT OF 160 FAMLIES 149 FAMILIES
- LIES NOT HAVING SELF HELP GROUP AND 11 FAMLIES ARE HAVING SELF HELP GROUP.

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