

# An Analysis of the Problems with Saving Habits Among Indian Building Construction Workers

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**Abstract:** *India's construction industry employs about 70 million people, making it the country's second largest employer after agriculture. The majority of these workers are employed in the unorganized sector in Maharashtra, India. These workers frequently deal with inconsistent pay, unstable employment, and limited access to official financial services. This study looks at the financial behavior, saving practices, and difficulties encountered by Indian construction workers. It emphasizes how their saving habits are greatly impacted by low income, financial illiteracy, and restricted institutional access. Additionally, the study makes measures to promote savings and enhance financial inclusion.*

**Keywords:** Construction, income, Migrant Workers, Saving Pattern, informal sector, financial stability

## I. INTRODUCTION

The financial behavior, saving habits, and challenges faced by Indian construction workers are examined in this study. It highlights how low income, financial illiteracy, and limited institutional access have a significant impact on their saving habits. The research also offers some measures to improve financial inclusion and encourage savings. For such disadvantaged people in particular, savings are essential to maintaining financial security. Due to their poor, inconsistent income, strong risk aversion, and lack of financial literacy, Indian construction workers have difficult time preserving money. Poor financial planning is a result of widespread financial illiteracy, with only 25% of people saving regularly. In India's construction industry, daily or weekly compensation patterns result in irregular income flow, which makes persistent savings challenging.

## II. OBJECTIVES OF THE STUDY

- To know the saving habits of construction workers.
- To identify factors affecting their saving behaviour.
- To examine preferred saving methods.
- To suggest measures for improving savings habits.

## III. METHODOLOGY

This research is based on secondary data from books, research papers, reports, and journals Case-based insights from studies on informal and migrant building construction workers The study adopts an analytical approach.

## IV. CAUSES OF THE LOW SAVING HABITS AMONG BUILDING CONSTRUCTION WORKERS IN INDIA.

**Socio-Economic Profile of Construction Workers:** - Over 20–35 million building construction workers in India labour mostly in the unorganized sector, where they endure high rates of poverty, low pay (roughly ₹4956 per month), and no job security. They live in substandard accommodation (kaccha homes) and are primarily young, unskilled migrants. They lack social security, are regularly taken advantage of by contractors, and face serious work risks.



**Construction workers in India are low education:** - Participate in low-income groups possess little education are frequently migratory labourers Work under a contract or for a daily wage Long-term planning is not as important to them as survival necessities when making financial decisions.

**Saving Habits of Construction Workers:** - Due to their migrant lifestyle and poor, inconsistent daily pay, construction workers in India sometimes rely on informal savings like cash at home, gold, or chit funds. Although there are government BOCW assistance programs, formal, long-term savings are restricted due to insufficient knowledge. Low Rates of Savings Only a small portion of informal workers consistently save money, according to studies. For instance, in a research conducted in Karnataka, only roughly 25% of contractual workers reported regular savings. The Reason for Savings Employees primarily save for: Emergency costs for children's education Future Uncertainties in Medical Needs

**Irregular Saving Patterns:** -The main causes of India's building construction workers' erratic saving habits are their daily wage income, the absence of formal contracts, and their frequent unpaid work breaks (seasonal unemployment). Because they have no access to or knowledge of formal banking, they frequently save less than 5% of their salary and many would rather store money at home. Workers don't always save money they only do it when they have extra cash.

**Modes of Saving:** - In India, the main way that building construction workers save money is through the state-run Welfare Boards (BOCW), which are financed by a 1% construction cess and provide emergency loans, insurance, and pensions. Formal bank savings, Post Office initiatives, and unofficial chit funds are further strategies; nevertheless, inconsistent income and limited awareness sometimes restrict formal saves. Although they are not commonly available, these are recommended for safety.

**Informal Methods:** - Over 90% of workers in India's informal construction sector do not have established employers, contracts, or ID cards. This industry, which is dominated by migrant workers and daily wage workers, uses labor-intensive, low-skill techniques coordinated by middlemen, frequently without formal training, social security, or safety standards. Workers save money at home. Borrowing and lending money through social networks, as well as rotating deposits in groups (chit funds). Due to a lack of accessibility and confidence, many workers rely on unofficial procedures.

**Factors Affecting Saving Habits:** - Financial knowledge and formal banking access help Indian construction workers save money, but poor, inconsistent income, expensive living expenses, and debt are the main obstacles. Daily earnings, debt repayment, lack of formal financial education, immigration status, and limited access to insurance or social security are important issues. After fundamental needs are met, low salaries restrict the amount of money that may be saved.

**Financial Illiteracy:** - Low levels of education, part-time labour, and poverty are the main causes of financial illiteracy among Indian construction workers, which prevents them from managing their finances, creating a budget, or making safe investments. As daily wage workers, they frequently depend on costly unofficial loans, are ignorant of bank savings, and are not aware of legitimate social security aid programs, all of which contribute to the cycle of poverty. This results in limited and cautious financial behaviour.

**Lack of Financial Inclusion:** - Due to their informal, temporary, and migratory status, construction workers in India are not eligible for formal banking, credit, or government welfare benefits like the BOCW Act. High levels of illiteracy, inadequate documentation, and a strong reliance on cash make it difficult for them to access formal financial services. Savings are hampered by restricted access to banking and credit services. In order to assist households, manage risks and accumulate assets, financial inclusion is essential.

**Job Insecurity:** - The high danger of losing their livelihood, unstable employment, and lack of safety nets are all examples of job insecurity among Indian building construction workers. Over 90% of India's construction workers are employed in the unorganized sector, and the many of them are migrant live "no work, no pay" lives. Long-term financial planning is discouraged by irregular work.

**Migration:** - Millions of rural, mostly unskilled people in India migrate to cities for seasonal work as a result of poverty and a lack of employment opportunities. Living in unstable conditions, frequently in shanties close to project



sites, and traveling back and forth between home villages and building sites, they serve as the backbone of urban infrastructure. Due to their lack of mobility and documentation, migrant workers have trouble acquiring financial services.

#### **V. PROBLEMS FACED BY CONSTRUCTION WORKERS WITH SAVING HABITS**

Due to the informal character of the industry, construction workers in India confront many difficulties. Poor living conditions, particularly for migrant workers who move around a lot and are exploited, inadequate or delayed wages, hazardous working conditions without safety equipment, and a lack of social security benefits are major problems. Additionally, studies on migratory workers reveal a dependence on unofficial channels and inadequate financial preparation.

**Role of Financial Inclusion:** For Indian construction workers, financial inclusion mainly via bank accounts, the e-Shram portal, and BOCW cards serves as a vital safety net. In addition to facilitating safe deposits, lowering reliance on usurious moneylenders, and offering insurance against accidents, it allows direct transfers of welfare benefits (health, education, and pensions) and ensures formal economic security for a workforce that is primarily nomadic. According to research, increasing access to financial services boosts economic participation and lessens informality.

**Government Initiatives:** - In India, government programs for building construction workers are intended to give the predominantly unorganized construction workforce social protection, safety, and financial support. The BOCW (Building and Other Building Workers) Act, 1996, which requires state-level welfare boards to register workers and give benefits financed by a 1-2% cess on building prices, is the cornerstone of these programs. The Indian government launched several significant programs, including the Pradhan Mantri Suraksha Bima Yojana (PMSBY), Atal Pension Yojana (APY), and Pradhan Mantri Jan Dhan Yojana (PMJDY).

However, awareness and accessibility remain limited among construction workers.

#### **VI. SOLUTIONS CAN BE DONE BY THE GOVERNMENT FOR IMPROVE SAVING HABITS AMONG BUILDING CONSTRUCTION WORKERS**

**Programs for Financial Literacy:** - In India, financial literacy programs are training initiatives aimed at assisting construction workers in managing their daily salaries, saving safely, avoiding high-interest debt, and utilizing digital banking. To improve financial stability, these programs emphasize practical skills including understanding insurance, creating a budget, and utilizing government social security programs.

**Improve Banking Access:** - Enabling direct salary payments, granting access to welfare funds through Direct Benefit Transfer (DBT), and registering Indian construction workers under the Building and Other Construction Workers (BOCW) Act are all necessary to improve their banking access. This lessens contractor exploitation and guarantees digital access to services including health insurance, education, and retirement.

**Encourage Savings:** - Through Registered Building and Other Construction Workers (BOCW) welfare boards, daily wage earners in India are encouraged to set aside small, manageable sums of money for micro-savings. These funds enable employees to obtain required safety kits, pensions, or emergency financial assistance, break debt cycles, and develop financial resilience.

**Social Security Measures:** - In India, State Welfare Boards oversee social security for construction workers, which is financed by a 1-2% building cost cess. Benefits for registered workers (those between the ages of 18 and 60) include loan facilities, maternity benefits, medical support, pensions, accident insurance, and assistance with children's education.

**Financial Inclusion:** - Using mobile phones and bank accounts (Jan Dhan-Aadhaar-Mobile) to immediately receive pay checks, access savings, loans, and insurance, and lessen dependency on cash and local moneylenders are examples of digital financial inclusion. Although there are issues with high illiteracy and low digital literacy, this empowers them by securing earnings and making government aid programs easily accessible.



## VII. CONCLUSION

Economic instability, low income, and a lack of financial literacy influence Indian construction workers' saving behaviours. Despite their awareness of the need of saving, structural obstacles hinder regular financial planning. Their ability to save and general well-being can be greatly increased by promoting financial inclusion, raising literacy, and guaranteeing social protection.

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