

FINANCIAL WELLNESS: A STUDY CONCERNING SLUM DWELLERS IN MUMBAI'S EASTERN SUBURBS (WITH SPECIAL REFERENCE TO BHANDUP, GHATKOPAR, AND KURLA)

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Abstract

Financial wellness is the ability to withstand any uncertain situations and will help each individual to live a stress-free life. The slum dweller study aims to assess the financial wellness among slum dwellers and understand their capacity to rebound during uncertain events. Financial wellness will be measured considering factors such as saving habits, patterns, and percentage of income saved, saving behavior, source of emergency funds of slum dwellers. The research utilized descriptive and analytical methods. The survey was conducted through interviews with slum dwellers in the Bhandup, Ghatkopar, and Kurla areas with a sample size of 100. The result of this study will provide insights into the financial conditions of slum dwellers and their preparedness for unforeseen circumstances. Additionally, this study will assist government authorities in designing specific schemes for slum dwellers with low capacity to bounce back.

Keywords: financial wellness, Slum dwellers, financial condition, government

INTRODUCTION

The study on financial wellness among slum dwellers is need of the hour as owing to their heightened vulnerability, slum dwellers must place a higher priority on their financial wellness, which is assessed by looking at their emergency savings accounts, spending plans, and saving habits. According to the 2011 census, 52% of Mumbai's population lives in slums. This makes the factors pertaining to slum dwellers' financial wellbeing and the urgent need to focus on their capacity to handle uncertain events crucial (Source: Municipal Corporation of Greater Mumbai – Public Health Department Census 2011). Since slum residents frequently have difficulty obtaining basic services, it is critical to comprehend their financial vulnerabilities and coping strategies for when they experience financial shocks. For the upliftment of the slum population, a thorough investigation of their financial health is essential. The study highlights the factors influencing saving behaviour, emergency funds, bouncing back capacity and educational level of the slum dwellers in Bhandup, Ghatkopar and Kurla. The study analyses the relationship between income and savings, educational level and source of emergency funds. The study will help the policy maker to prepare tailored financial products and strategies for the inclusion of financial wellness among slum dwellers in Mumbai.

OBJECTIVE OF THE STUDY

- To study the saving habits and patterns among slum dwellers, including the percentage of income saved and factors influencing saving behavior.
- To analyze the relationship between educational level and the preferred source of emergency funds.
- To analyze the bouncing-back capacity among slum dwellers

HYPOTHESIS OF THE STUDY

- There is a significant relationship between Income and Savings
- There is a significant relationship between Education level and the source of an emergency fund

LITERATURE REVIEW

- The study was conducted to examine determinants that influence financial wellness. A total of 2000 employees were analyzed in the survey. The result highlighted factors related to financial wellness. However, these findings are limited by the sample's nature and the analysis's exploratory nature. The study specifically revealed that individuals who exhibit better financial behavior tend to have lower financial stress and therefore higher financial satisfaction. (*Narges Delafrooz1 & Laily Hj Paim2*, 2011*)
- A study is undertaken in the Slums of Bangalore to understand the financial well-being levels of slum dwellers. The study was conducted among 500 slum dwellers in Bangalore city. The Financial well-being of slum dwellers was measured with the help of three sub-constructs Meeting commitment, Feeling comfortable, and Resilience for the future. This study highlighted that the respondents were good with their daily commitments but not good with their present financial condition and uncertain about their resilience for the future. (*Dr. NOOR FIRDOOSJAHAN & DIVYA U, 2020*)
- This study focuses on financial inclusion and ease of access to financial services for all. The researcher has highlighted the issues and challenges to financial inclusion in India. The descriptive study was conducted with the help of secondary data. The different government schemes were highlighted. (Jain, 2016)
- This study was to assess young adults' financial wellness. A comprehensive model was developed that assumed that young adults' financial wellness was a function of objective determinants (income, credit card debt, and healthcare coverage); satisfaction with their financial situation; their financial behaviors; and their subjective perceptions. Financial wellness was measured using two financial ratios and a combination of those ratios. A sample of 458 young adult households headed by an individual between 18 and 30 years old was selected from the 2007 Survey of Consumer Finances. The results showed that 47% met the guideline for the liquidity ratio, 35% met the guideline for the asset allocation ratio, and 28% met the guideline for both ratios. The results suggest that the financial wellness of young adults depends on credit management, healthcare coverage, financial satisfaction, spending behavior, planning horizon, and attitude toward financial risk. (*Leann G. Rutherford, & Wanda S. Fox, 2010*)

RESEARCH METHODOLOGY

The study utilized a descriptive research method, focusing on slum dwellers in the eastern suburbs, with particular emphasis on Bhandup, Ghatkopar, and Kurla. A sample size of 100 respondents was chosen for the study. The chi square testing is used to prove the hypothesis.

RESULTS

Descriptive analysis of the respondents

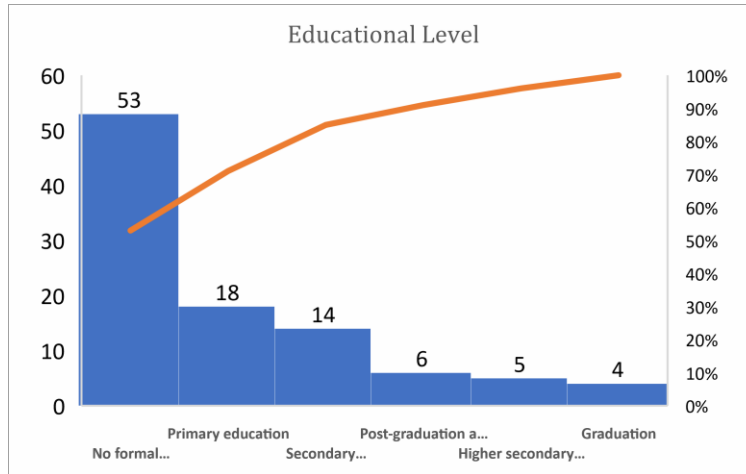
- The nature of the jobs of slum dwellers is a big concern as they are 34% daily wage earners and 19% are contractual jobs hence saving becomes a big challenge.
- 82% of respondents have a bank account
- 80% of the respondents don't plan their budget and 20% plan their budget
- 96% are aware of Fixed deposits 4% are aware of Recurring deposits and no awareness about other sources of investments.

Table no.1 Analysis of Education Level

Educational Level	No of Frequency
Graduation	4
Higher secondary education	5
No formal education	53
Post-graduation and above	6
Primary education	18
Secondary education	14

(Source: Primary Data)

Figure 1: Educational level



- 53% of respondents have no formal education and
- 18% of respondents having primary education
- 14% of respondents have secondary education
- 5% of respondents having Higher Secondary
- 4% of respondents have Graduation and 6% have post-graduation

Figure no.1 & Table no.1 highlight that people without formal education lack financial literacy and are prone to vulnerability as 40% of the respondents with no formal education are dependent on others for emergency funds and they also don't plan their budget. Hence this category of people lacks financial wellness.

Table no. 2 Analysis of Survival Time in Jobless Situations

Survival in a jobless situation	No of respondent	Cumulative Frequency
Less than 1 week	8	8
1-3 weeks	31	39
1-2 months	12	51
3-5 months	49	100
	Median	45

(Source: Primary data)

Table No. 2 indicates that the median survival time is 45 days and that it falls into the "1-2 months" category. As a result, 45 days is the responders' median survival time. This shows that they are prone to vulnerability

Table no. 3 Analysis of Monthly Savings Behaviour among Respondents

Descriptives		
	Monthly Income	Saving
N	100	100
Missing	0	0
Mean	9375	0.149
Median	10000	0.100
Standard deviation	1431	0.0785
Minimum	5000	0.100
Descriptives		
	Monthly Income	Saving
Maximum	15000	0.500

(Source Primary data)

The average proportion displayed in Table No. 3 indicates that people save 14.9% of their income on average. According to the median proportion, 50% of people save less than 10% of their income. Per respondent, the average monthly savings is Rs 1431. As a result of low income, the percentage of savings is low.

Table no. 4 Chi-Square test of two variables i.e. % of Saving and Monthly Income

Monthly Income		Percentage of saving					Total
		0.1	0.2	0.3	0.4	0.5	
5000	Observed	1	0	0	0	0	1
	Expected	0.640	0.270	0.0600	0.0200	0.0100	1.00
6500	Observed	1	0	0	0	0	1
	Expected	0.640	0.270	0.0600	0.0200	0.0100	1.00
7000	Observed	14	2	1	0	1	18
	Expected	11.520	4.860	1.0800	0.3600	0.1800	18.00
7800	Observed	0	1	0	0	0	1
	Expected	0.640	0.270	0.0600	0.0200	0.0100	1.00
9000	Observed	4	1	1	0	0	6
	Expected	3.840	1.620	0.3600	0.1200	0.0600	6.00
9200	Observed	0	0	1	0	0	1
	Expected	0.640	0.270	0.0600	0.0200	0.0100	1.00
10000	Observed	42	22	3	1	0	68
	Expected	43.520	18.360	4.0800	1.3600	0.6800	68.00
11000	Observed	1	1	0	0	0	2
	Expected	1.280	0.540	0.1200	0.0400	0.0200	2.00
12000	Observed	0	0	0	1	0	1
	Expected	0.640	0.270	0.0600	0.0200	0.0100	1.00
15000	Observed	1	0	0	0	0	1
	Expected	0.640	0.270	0.0600	0.0200	0.0100	1.00
Total	Observed	64	27	6	2	1	100

Percentage of saving						
Monthly Income	0.1	0.2	0.3	0.4	0.5	Total
Expected	64.000	27.000	6.0000	2.0000	1.0000	100.00

χ^2 Tests			
	Value	df	p
χ^2	79.4	36	<.001
N	100		

Table no 4. Since the p is extremely small i.e. less than 0.001, we reject the null hypothesis and accept the alternative hypothesis. Therefore, it can be inferred that there is a significant relationship between monthly income and the percentage of savings.

Table no. 5 Chi-Square test of two variables i.e. Education level and Source of the Emergency Fund

Educational Level	Source of the emergency fund during the uncertain event				Total	
	Friends	Government Schemes	My own savings	Neighbours		
Graduation	Observed	0	1	3	0	4
	Expected	1.16	0.240	1.64	0.960	4.00
Higher secondary education	Observed	2	0	2	1	5
	Expected	1.45	0.300	2.05	1.200	5.00
No formal education	Observed	19	5	11	18	53
	Expected	15.37	3.180	21.73	12.720	53.00
Post-graduation & above	Observed	0	0	6	0	6
	Expected	1.74	0.360	2.46	1.440	6.00
Primary Education	Observed	5	0	9	4	18

	Expected	5.22	1.080	7.38	4.320	18.00
Secondary education	Observed	3	0	10	1	14
	Expected	4.06	0.840	5.74	3.360	14.00
Total	Observed	29	6	41	24	100
	Expected	29.00	6.000	41.00	24.000	100.00

χ^2 Tests

Value	df	p
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Source of the emergency fund during the uncertain event

Educational Level	Friends			Government Schemes		
	My own savings	Neighbours	Total	My own savings	Neighbours	Total
	χ^2	31.6	15	0.007		
	N	100				

Table no.5 - Since the p is less than the significance level of 0.05, we reject the null hypothesis and accept the alternative hypothesis. Therefore, it can be inferred that there is a significant relationship between education level and the source of emergency funds.

CONCLUSION AND RECOMMENDATIONS

The study reveals a strong link between educational level and preparedness for unexpected situations. Those without formal education tend to rely more on friends and neighbours for emergency assistance, lacking sufficient planning. Additionally, low incomes contribute to minimal savings among the surveyed population. Furthermore, the research highlights that individuals in jobless situations typically sustain themselves for only about 45 days.

Financial well-being emerges as a major concern for slum dwellers in Mumbai's Eastern suburbs, including Bhandup, Ghatkopar, and Kurla. Their meager incomes result in limited savings, while inadequate planning further undermines their ability to bounce back from setbacks.

To address these challenges, the focus should be on generating employment opportunities for slum dwellers. Raising awareness about saving and investment practices can empower them to better prepare for unforeseen events. Government intervention is crucial in implementing strategies to enhance the financial status of slum dwellers, including educating those without formal schooling on the importance of financial planning and offering guidance on budgeting and investment options.

Ration cards are a useful tool for monitoring slum dwellers' earnings. We can strengthen their capacity to bounce back from losses and enhance their financial well-being by automatically deducting emergency reserves from their wages in an amount commensurate with their income.

LIMITATIONS OF THE STUDY

- The study is limited to a sample size of 100
- The study is limited to the slums in Mumbai's Eastern suburbs (Bhandup, Ghatkopar and Kurla)

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