

Module 7



FINANCIAL LITERACY

Centre for Education and Communication (CEC)

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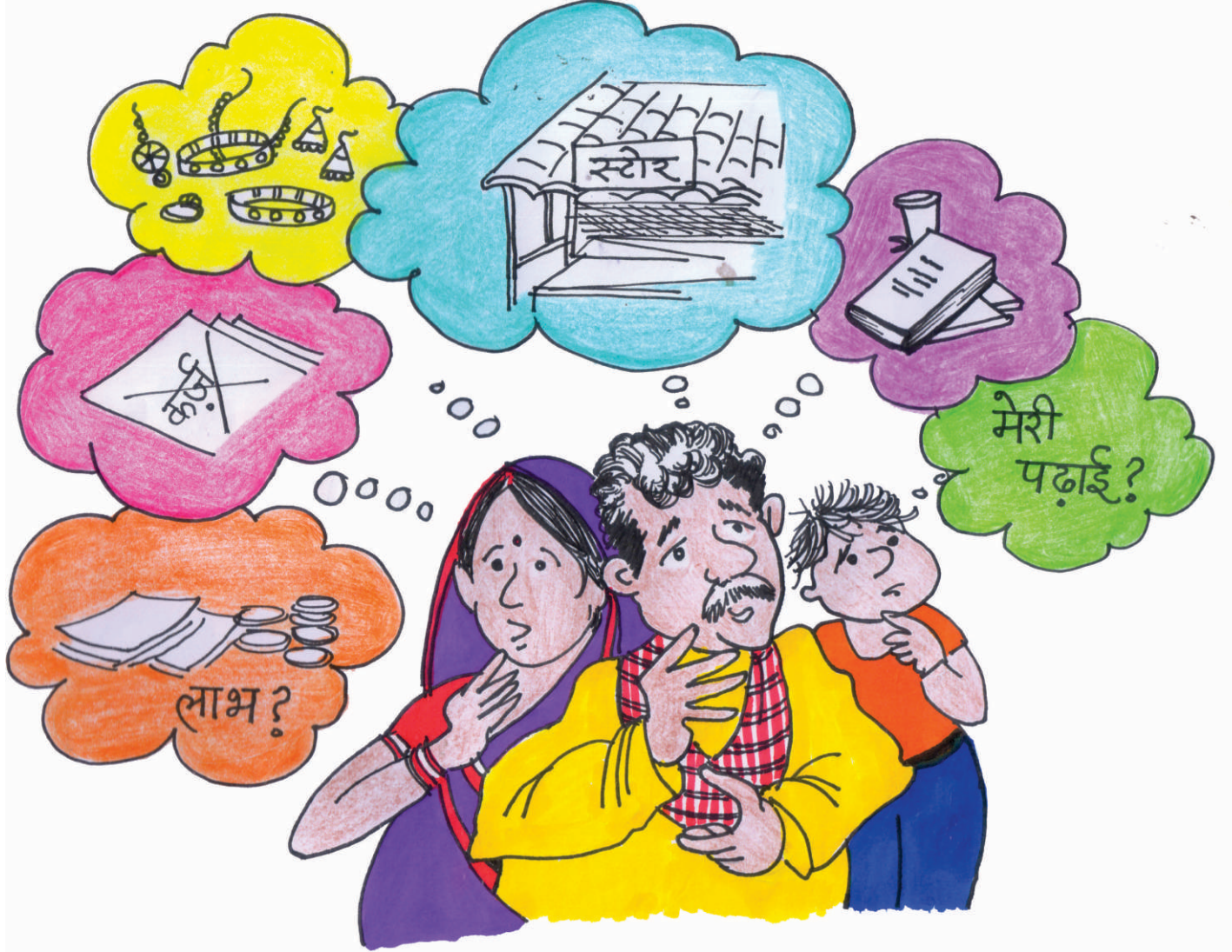
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Know your problems



वित्तीय-प्रबन्धन

Know your problems

- Do you take an advance/enter into a debt for all your financial needs
- Are you able to maintain records of output and wages earned. Are you able to calculate the difference between your income and actual earnings due to you? Do you know how to calculate interest?
- Do you know the applicable minimum wage as set by the government, for your work ?
- Do you think the poor cannot save?
- Are you able to save money for any exigency, future plans, old age?
- Do you think that only the highly literate can understand cash management, have access to services offered by banks, post offices and self help groups?

Know your problems

- Are you able to identify other sources of income, entitlements that will give you direct funds/cash relief, subsidies, health insurance

This module is an attempt to equip you with a set of skill and knowledge that will help you make informed and effective decisions in your day-to-day operations and vis-a-vis financial resources.

Identify Your Financial Needs



Identify Your Financial Needs

Necessary Expenses: Food, clothing, housing, education

Expected Events: Marriage, maternity, festivals

Emergencies: Illness, accident, death, natural calamity

Others: Repaying old debt, purchasing tools and equipments

Financial training can help us understand three crucial aspects- (i)earnings (without using child labour) (ii)expenditure and (iii) savings in order to take care of our necessary expenditures and plan for the future without feeling the financial stress

Earnings



Earnings

Remember, brick kilns fall in the Schedule of Employment of the Minimum Wages Act of 1948. This implies that the provisions of the Act are applicable to all its workers- skilled, semi skilled and unskilled.

What is Minimum Wage

The International Labour Organisation defines minimum wages as the minimum amount of remuneration that an employer is required to pay wage earners for the work performed during a given period, which cannot be reduced by collective agreement or an individual contract.

The Indian Parliament in 1948 enacted the Minimum Wages Act setting the minimum wage that must be paid to skilled and unskilled workers. Payments of wages below the minimum wages amounts to forced labour.

The Act specifies that the wages means all remuneration expressed in money but will not include:

Earnings

- The value of house accommodation, supply of lights, water, medical attendance.
- Any travelling allowance
- Any contribution paid under Pension Fund or Provident Fund, or any scheme of social insurance.

Brick kiln workers have the right to :

- Receive minimum wage
- Receive timely wage
- Know the deductions that have been made
- Obtain a wage slip

Earnings

Since payments are made on piece rates it is important to keep a record of the output. Lower wages will force you to take advance/loan from the employer /contractor or add to the existing debt.

Usually, payments in the brick kilns are not made in a timely manner and towards the end of the production season, it is only by maintaining a weekly record you can understand how much you money you will earn and take home.

Sample Record Book

Date	No of bricks produced/ loaded	Value of output (No. of bricks* Agreed rate)	Deductions, if any	Kharchi received	Net Income	Advance due

Earnings

Brick kilns offer only seasonal employment for a period of 8- 9 months. Thereafter, back in the village, work may or may not be available. The government has a number of poverty reduction programmes, insurance schemes and formal systems of social protection. These are opportunities to obtain regular income and you must rightfully claim benefits under these schemes. Some of them are briefly mentioned here:

- Entitlements under Building and Other Construction Workers Board
- Medical aid under Rashtriya Swasthya Bima Yojana and Aam Admi Bima Yojana
- Maternity Benefit Programme for cash aid and institutional delivery
- Claim food grains under the National Food Security Act
- Financial benefits for the elderly, widow and disabled monthly pension under the National Social Assistance Scheme

Spending



Spending

List down some of the following:

**Once in a
while expenses**

**Every day/week
expenses**

**Avoidable
expenses**

**Unavoidable
expenses**

Important Tips:

- Plan for expenses that do not occur regularly
- Postpone purchase till money is available
- Do not borrow money for avoidable expenses

Be careful of debts, as it may force you into work that you may not like or in hostile working conditions. To sum, it may lead you into serious consequences.

Savings



Savings

Have you ever observed birds making a nest? They make their nests much before winter sets in. But they keep working steadily and gradually- collecting twigs, leaves, feathers etc for nesting.

Similarly

Savings can be small, regular

You can save for a specific purpose/event

Save for your old age

Save for protection from any unforeseen event

If you are able to save Rs 10/ each day, then let us calculate at the end of each year how much you would have put aside

Savings

Time Period	Amount Saved (in Rs)
Each day (@ Rs 10/)	-
End of year 1	3650
End of year 2	7300
End of year 3	10,950

The earlier you start to save the better it is for you

But if you keep the cash with you, chances are:

- You might be tempted to spend it all
- There can be a greater risk of money being stolen
- Ensuring your money's safety will always stress you

Savings

How do people in your village save?

- At home
- In livestock
- In savings groups
- Micro finance institutions
- Banks

Factors you should consider while choosing how to save your money

1. Access- it should be accessible to you both at the source and destination
2. Convenience and ease of use
3. Safety
4. Possibility of your money growing, interest earned

Savings

The advantages of opening an account with a bank are many:

- Banks will help us save, transfer and borrow money
- The savings will earn an interest
- Will help you achieve greater financial stability over long time
- You can track your money
- You can even borrow money from the bank
- You can transfer money from the destination to your family in the source area.
- At the end of the season when you receive your final payments, you can deposit it in your account and travel safely to your source village
- You can receive the funds transfer under any entitlement/scheme into your bank account.

Do remember to involve women in decision making,

The Pradhan Mantri Jan Dhan Yojana



The Pradhan Mantri Jan Dhan Yojana

The Pradhan Mantri Jan Dhan Yojana (PMJDY) is a National Mission for financial inclusion to ensure access to financial services, namely banking, savings and deposit accounts, remittance, credit, insurance and pension in an affordable manner.

You can open the account in any bank branch or bank mitra (these are individuals approved by the banks- retired bank employees, retired teachers, retired government officials, individual owners of fair price shops/kirana/medical, individual PCO operators.

A RuPay debit card will be issued. This card can be used across all ATMs.

The RuPay card also provides accidental insurance cover upto Rs 1 lac, without charging the customer.

The Pradhan Mantri Jan Dhan Yojana

Link your mobile number with the bank account to get transaction updates through SMS.

You need an officially valid document to open the account

Banks also organize camps for opening account on Saturdays from 8 am to 8pm.

Some Points to Reconsider

- Think before spending or borrowing
- Cut down unavoidable expenses- spend less on marriages, festivals
- Buy less on credit
- Increase savings
- Join pension and insurance schemes
- Keep money in a safe place, so that you are not tempted to spend it
- Get your family to participate on deciding spending and saving matters

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