Article No. 5

AN EMPIRICAL STUDY ON THE FINANCIAL PREFERENCES OF "URBAN MIGRANT WORKERS" IN DELHI –NCR

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Abstract: *Migration has been an integral part of the evolution of mankind and has played a major role in the development of society as a whole. Migration is usually not by choice; instead number of reasons force people to leave their home base and move to a new place. Migration can take place in any form, be it domestic or international. It basically occurs in search of improving living standards both economically as well as socially. Improvement of socio-economic standards depends immensely on financial upliftment, and this becomes one of the most critical drivers for migration to take place. This study has been conceptualized, taking this into the mind and focuses on the financial preferences of the "urban migrant" workers in the Delhi-NCR region. Here, "urban migrant" workers considered are domestic maids, drivers, construction workers, and security guards. The reasons for their migration have been divided into five variables viz. forced migration, unskilled workers, low wage distribution, low education levels, and rural migration. The sample size considered for the study is 100 respondents. This study has been carried out using a bilingual questionnaire, and the findings have been collated using the percentage method correlation. The major results of the findings suggest that family income, living standards, etc. have become better, post-migration. This corroborates the theory that migration happens, to uplift the socio-economic standards.*

Key Words: *Inclusion Migration, Migrant Workers, Financial Preferences, Financial*

Introduction

Human migration has been an integral part of the evolution of mankind itself and has played a very important role in the development of societies, economies, and cultures. There are a number of reasons for this phenomenon, which range from availability or lack of natural resources like food and water to lack of education and employment opportunities, economic, political, religious, or even climatic factors.

However, over a period of time, economic and political reasons have emerged as the major contributors towards both inter and intra, country migration. In India, economic reasons have fuelled migration to urban centers, which provide jobs which are low on skill, wages and are unorganized, such as domestic workers like maids, drivers, security guards, delivery boys, etc., as compared to rural areas, which have limited employment opportunities in non – agricultural sectors. This trend is even more pronounced post the "liberalization" era of 1991. The main reason for such migration is the upliftment of socio-economic standards. The most basic definition of migration is simply the "movement of people from one region to another." This study tries to explore the effects of migration based on the definition as per Oxford English Dictionary, which states that migration is "movement of people to a new area or country in order to find work or better living conditions." More specifically, the study will make an attempt to analyze the financial preferences of these migrant workers with respect to the degree of usage of formal financial channels for managing their income, as financial independence is considered to be the most crucial aspect of uplifting socio-economic standards.

Literature Review

Migration

UN's"The World's Cities Report"(2016) states that approximately 54% of the world's population resides in the urban areas, and this trend is steadily growing. It also states that 23% of the world's population in 2016i.e approximately 1.7 billion people lived in a city with at least 1 million inhabitants, and 6.8% of the population is residing in megacities(cities with a population of 10 million-plus). India has five such megacities out of the world's total list of 31, and they are Delhi, Mumbai, Kolkata, Bangalore, and Chennai. According to the UN State of the Population Report (2016), urbanization levels in India have also gone up from 27.81% in 2001 to 31.16% in 2011. It also states that this rapid urbanization is being driven by, amongst other reasons, by population explosion as well as poverty- induced rural-urban migration. A profound change in the socio-economic structure of a significant number of people, especially from rural parts of the country, is a direct consequence of this migration. India saw an annual average of 9 million interstate migration from 2011 to 2016, which is as per the "Economic Survey of India" (2017). The survey also finds that UP, MP, Punjab, Rajasthan, Uttarakhand, J&K & West Bengal are the sourcing states, while the main destination states are Delhi, Maharashtra, Tamil Nadu, Gujrat, AP, and Kerala, respectively. To put things in perspective, it is estimated that the population of Denmark, as per a2019 census is 5.77 Million.

The government of India's population census data (2011), also highlights the fact that for the first time ever, there has been a decline in the growth rate of the rural population in India (Table 1). One of the reasons for this decline is largely attributed to declining employment opportunities in the non-agricultural sector. Non-remunerative agricultural practices, coupled with rapid urbanization during this period, providing better employment and educational opportunities, has also resulted in increased rural-urbann migration, significantly contributing to this decline

Table 1: Population growth rate for India

	1991-2001(%)	2001-2011(%)	Difference
India	21.5	17.6	-3.9
Rural	18.1	12.2	-5.9
Urban	31.5	31.8	0.3

Source: http://censusindia.gov.in/Census of India, 2011

Table 2 brings out the fact that for the first time, the absolute growth of the urban population has been more than that of the rural population, in 2011. This is significant, as it is leading to a dynamic shift in the rural-urban population distribution.

Table 2: Rural-Urban Distribution of Population

	2001 (Values in Crores)	2011 (Values in Crores)	Difference
India	102.9	121	18.1
Rural	74.3	83.3	9
Urban	28.6	37.7	9.1

Source: http://censusindia.gov.in/Census of India, 2011

Another interesting fact brought out by the 2001 census is that, while there were 309 million migrants on the basis of place of the last residence, female migrants constituted 218 million of this population, which is a staggering 70% of the total migrants. A number of older studies associate female migration with marriage, social, and family-related reasons apart from “broken marriages, widowhood, desertion and destitution” (Premi, 1980).

A study by (Rao& Vamsi, 2018) states that post-liberalization in India, agrarian crisis leading to reduced wages from agriculture led to a livelihood crisis, which has pushed a significant number of rural population to urban areas in search of unskilled or semi-skilled employment. This makes for an interesting period in the socio-economic development of India, with significantly enhanced employment opportunities in urban areas, coupled with stagnation in rural employment, leading to increased urban migration.

(Mahapatro, 2012) finds a significant discrepancy in the migration trends across gender in India. She finds that there is a secular increase in the growth rate of women migrants for the period 1983 – 2011 for both rural and urban migrations as compared to men, whereas the migration rate is falling for rural migrations and stagnant for urban migrations in the case of males. She theorizes that this phenomenon may either be due to the National Rural Employment Guarantee Act “NREGA,” which is providing some employment opportunity in rural areas or is due to the other extreme of jobless economic growth. She also argues that while women's migration has generally been associated with “associational” relationships such as marriage, the migration itself is determined by several socio-economic factors, which in turn is driven by unequal socio-economic opportunities between rural and urban centres. It is there for quite obvious that women migration is also hugely driven by economic considerations, more so in changed socio-economic scenarios that the current rural and urban centers provide. Another study by (Chandramouli, 2018) suggests that distress in rural incomes is an important factor for rural-urban migration and that post-migration, women have also started working mostly as domestic maids to supplement family incomes. Also, the work done is largely unskilled, unorganized, and informal and poorly paid. Palriwala & Neetha (2010) state that within India, the domestic-care economy has increased manifold since the economic liberalization of the early 1990s. It is also a fact that the role of women in this sector is significant, even though the segment has several disadvantages such as low wages, difficult and hostile working conditions, minimal social and job security.

The key impact areas of migration as listed by (Bhagat, 2017)are as follows:

(i) Labour Demand and Supply – fill gaps in demand for and supply of labour; efficiently allocates skilled and unskilled labour.
(ii) Remittances – provides insurance against risks to households in the areas of origin; increases consumer expenditure and investment in health, education, and asset formation.
(iii) Return Migration – brings knowledge, skills, and innovation (known as social remittances).
(iv) Skill Development – migration is an informal process of skill development. It enhances the knowledge and skills of migrants through exposure and interaction with the outside world.

Another aspect of migratory behaviour is "circular migration" i.e. migration for a shorter period especially for employment and then back to rural areas with the cycle repeating itself. Deshingkar and Akter (2009) estimated that there are roughly 100 million circular migrants in India contributing 10% to the national GDP.

Migration helps balance re-distribution of resources (primarily labour and capital) and while there are several reasons for migration, the scope of the current study, would primarily build on the economic reasons for migration. It will also determine the degree to which formal banking / financial channels are used for managing possible higher disposable incomes. While reasons for migrations range from political to social and even depleting natural resources, lack of gainful employment especially in rural areas is emerging as the most important contributor to rural – urban migration. Such a situation is even more acute in a developing country like India, which has shown remarkable improvement in the various social parameters in rural areas such as:

1. Infant mortality declined from 58 deaths per 1000 live births in 2008 to 37 deaths per 1000 live births in 2017 (SRS Bulletin, 2019).
2. Average life expectancy at birth increased from 48 years in 1970 – 75 to 67.7 in 2013 – 17 (SRS Bulletin, 2019)
3. Rural literacy levels increased from 58.7% in 2001 to 68.9% in 2011) (Census of India, 2011)

However, non-agrarian employment opportunities have lagged in the hinterland. While various government schemes, most notably MNREGA, have been introduced with the aim of providing employment opportunities, especially in rural areas, the sheer scale of lack of livelihood is driving a huge number of rural populations towards megacities in search of employment. It, therefore, becomes of particular interest, to attempt a study of the financial habits of such migrants and to determine to what extent they are using various financial products through formal banking channels, in an effort towards meeting their financial needs.

Financial Inclusion

While a subscription to a bank account was earlier the benchmark for financial inclusion, later models are increasingly looking to include "Financial Depth," (Mor Committee, 2013), to evaluate the efficacy of various financial inclusion schemes. Therefore, credit, insurance, as well as the degree of usage of bank accounts forms important measures to determine the success of these schemes. Credit rating agency CRISIL, developed the "CRISIL Inclusix" in 2013(crisil.com) as a barometer for measuring the degree of Financial Inclusion in the country. Initially, "Inclusix" measured banks and microfinance institutions on a branch network, credit off-take and deposit mobilization parameters. Crisil, in its inclusive report (2018), defines financial inclusion as "The extent of access by all sections of society to formal financial services such as credit, deposit, insurance and pension services." Therefore, now financial inclusion definition has gone a step further to include the extent of credit and insurance coverage for calculation of financial inclusion scores. As per this latest report, the "inclusive" score has gone up to 58 in 2016 from 56.2 in 2015 (as per the earlier matrix, it would have been 62 and 50.1 in 2013. Post-migration, it is observed that most individuals/families are able to generate some degree of surplus income. This surplus is a huge reprieve especially, for those who have borrowed money at exorbitant rates from local moneylenders. A certain portion of the surplus is most definitely repatriated back to their home village for facilitating various activities such as constructing a house, educating or marrying children, caring for elderly parents etc. Thorat& Jones, (2011) discuss that remittance is one of the most basic financial transaction and while conducting a study on remittance behaviour, found that informal channels of remittance is still used by a significant number of migrants. Informal channels tend to be significantly more expensive and even exploitative, hampering the socio-economic development of the migrants. This most basic financial transaction has to be the start point to introduce this segment of society to formal banking processes. Credit and insurance penetration is also very weak for the majority of migrants. Sunny (2018) argues that while various acts of the government such as The Employees State Insurance Act, 1948 are directed towards providing some degree of social security, they have failed miserably mainly due to the occupational mobility of migrant workers. Migrant workers are largely in the unorganized sector, due to which they hardly get access to benefits of any direct social security schemes. This is another area where the importance of formal financial institutions becomes critical in providing basic social security products such as insurance.

A review of various studies on Financial Inclusion also reveals that while the percentage of the population having access to a basic bank account has gone up, it has not necessarily translated in increased usage of other basic financial products such as insurance and credit.

The Nachiket Mor committee set up in 2013 is amongst the first committee set up by the RBI to look into Financial Inclusion in a holistic manner and includes the parameter of Financial Depth (percentage of credit to GDP) to calculate Financial Inclusion scores. The committee found that approximately 36 % of the population has access to at least one bank account at an all-India level, with only 45 percent of the urban residents and 32 per cent of the rural residents having bank accounts.

The Deepak Mohanty Committee (2015), again set up by RBI, states that the banking penetration is at 7.8 branches per lakh of rural and semi-urban population as compared to 18.7 branches per lakh of urban and metropolitan population. Clearly, this level of penetration is inadequate to undertake meaningful financial inclusion programmes for the unbanked. The report, however, states that the growth in the period 2006- 2015 in the individual savings bank accounts as well as deposit outstanding has been the highest in the rural and semi-urban category (15.5%) as compared to the urban and metropolitan category. The report also mentions a healthy growth of credit outstanding amongst scheduled commercial banks in the rural and semi-urban category for the same period 18.9% and 19.6%, respectively. These figures point out the propensity for credit demand for the rural and semi-urban populations, especially from the organized sector, which further underlines the need for a robust financial inclusion programme in the country.

Globally too, a lot of priority is being accorded to financial inclusion initiatives, especially in developing nations. The Bill and Melinda Gates Foundation sponsored "Financial Inclusion Index" surveys are being conducted in various countries across various time periods to determine changes in financial inclusion parameters of the population of these countries. In India too, the survey conducted between September 2016 and January 2017, finds that 63% of India's population is financially included which, by implication, makes 27% of the population financially excluded. Further, the report states that out of the financially included, 99% have a bank account, which reinforces the fact that India's financial services is primarily bank driven (http://finclusion.org/, 2017)

Different types of financial inclusion programmes are being run in various countries with varying degrees of success. Mishra (2010), in his article, highlights four such models in different countries and their applicability to the Indian market. These are as follows:

1. No frills savings bank account in South Africa.
2. Banking Correspondents in Brazil
3. M-Pesa in Kenya
4. Micro Finance Institutions (MFI's) in Mexico.

South Africa has No frills savings bank account with a negligible minimum deposit amount – "Mazansi" account. Launched in 2004, this scheme managed 6 Million accounts by 2009 with a significant number of cash oriented transactions moving into such accounts. However, about 58% of these accounts (3.2 Million) remained active as there were significant costs attached to the account once a minimum threshold number of transactions was crossed. In India, we have a very similar "Jan Dhan Yojana" for the unbanked population which was introduced in 2014 where despite impressive subscriptions; post-enrollment usage has been extremely poor at approximately 11%.

Brazil has adopted the system of "Banking Correspondents" for driving financial inclusion over the last 15 years with various regulations to promote the use of this channel. For one, they have made the channel an effective business model with a significant % (75 and above in volume and 70% in value of $ 105 billion in 2008) of bill payments being made through the banking correspondent channel. Gwalani & Parkhi (2013), while enumerating the various financial inclusion models in India, lists the banking correspondent model as being allowed by the RBI in 2006. However, in the absence of a strong business case for banking correspondents, this model did not get the desired results in promoting financial inclusion.

Kenya's financial inclusion model is the much talked about "M-Pesa" model, which has efficiently leveraged mobile technology to promote financial transactions. Launched in 2007, it has rapidly added almost 40% of the adult population of Kenya into its subscription network with Vodafone and Safaricom by 2012 and provides basic financial facilities such as deposit, withdrawal, transfer and payment. It has been a popular and successful model of financial inclusion in Kenya and has now been replicated in a number of other countries such as Tanzania, South Africa and even India. In India, mobile banking is being driven predominantly by established banks. The mobile operators also operating in this segment, use the form of "payments bank" architecture. Also, there a number of e-commerce and digital wallet platforms such as Paytm, Mobiquick, Phoepe etc. which provide a number of financial products such as payments, credit, insurance etc. According to the Reserve Bank of India's (RBI) annual report (2017-18), mobile banking services witnessed a growth of 92 per cent and 13 per cent in volume and value terms, respectively. The number of registered customers rose by 54 per cent to 251 million at end-March 2018 from 163 million at end-March 2017.

The **Mexico** model works on Micro Finance Institutions (MFI) to push financial inclusion especially from a credit perspective amongst its population. However, the Mexico model is an extremely expensive one with interest rates as high as 100% per annum which is almost the same as charged by local money lenders. In fact in India, the charges by local money lenders, typically ranges between 24 – 48% p.a. In India too, the MFI model is a well developed system catering to a large section of the underprivileged. Some MFI's have also received "small finance bank" status from the RBI. Keeping in mind their core customer base, these institutions could also play a significant role in promoting financial inclusion in India.

Research Gap

Extensive literature review on the status of migrants and financial inclusion show that there is no specific study available with respect to the financial preferences of urban migrant workers in the country. Moreover the studies available do not exclusively study the megacities individually. This study basically aims to concentrate of the financial preferences of urban migrant workers in one mega city.

Research Methods

Objectives

The following research objectives have been framed based on the research gaps identified:

1. To study the Financial Preferences of Migrant Domestic Workers in Delhi-NCR.

2. To determine the degree of use of formal channels for fulfilling various financial needs.

3. To study the awareness levels of various Financial Inclusion Models amongst migrant workers.

Research Design

While a number of theoretical research works has been conducted in various aspects of the migrant population, including the financial behaviour, this study is an empirical work on the financial preferences of migrant families in the Delhi-NCR region. It draws from various research activities in the area and combines these, with findings from the empirical study conducted on migrants in Delhi-NCR. The study qualifies as descriptive research, which objectively details the financial preferences of migrants.

Type(s) of Data

- Primary data for the empirical study, as well as secondary data from various sources, have been extensively used during the course of the research.

- It is also a combination of qualitative as well as quantitative research work as the questionnaire collects information both objectively as well as in an unstructured interview format.

- Literature review of various research papers as well as feedback from experts led to a probable list of professions such as domestic maids, drivers, construction workers and security guards working in the Delhi-NCR region, as the desired population for research. Subjects engaged in these vocations in Delhi-NCR generally represent:

- Rural migrant into an urban environment.
- Forced migration due to lack of sustainable livelihood opportunities in their native places.
- Unskilled workers.
- Low wages which have to be distributed with family at the native place as well.
- Low education levels.

Sample

- The sample for the survey has been chosen using a combination of convenience and cluster sampling, as no authentic source for migrant workers, such as a national registry, in Delhi-NCR was available.

- Respondents who are known to the interviewer or were further referred by those already interviewed were included in the sample. While convenience sampling might bring in an element of bias, it was important to gain the trust of the respondents as well, as several questions might be sensitive, and therefore, an element of familiarity was required.

- A pilot study to check the reliability and content validity of the questionnaire was first conducted on a random sample from the population as described above. On the basis of results of the pilot study, a final questionnaire was developed and administered to a sample of 100 respondents to generate sufficient data for study and analysis.

- To reduce bias, however, respondents interviewed were from various parts of Delhi-NCR, such as Vasant Kunj, Sarita Vihar, Gurgaon, Faridabad and Ghaziabad, introducing a degree of cluster sampling.

- Migrant workers studied were generally engaged in residential and office jobs such as domestic maids, drivers, security guards as well as construction workers.

Delhi-NCR region has seen an explosion of rural migrants from various parts of the country over the last two- three decades who have been forced to seek alternatives on account of lack of adequate employment in agriculture as well as non-agrarian sectors in their home locations. Large cities such as the Delhi-NCR region, on account of rapid economic growth over the last two-threee decades, have been able to generate a lot of employment opportunities for the unskilled and semi-skilled workforce coming in from rural areas. An empirical study would, therefore, give a firsthand view on the basics of the financial independence of migrants. Migrants form an important segment of the population, especially if they are active users of financial services as they can then act as an effective bridge to initiate the unbanked population in their local areas to become part of the formal financial system thus further, the cause of financial inclusion. The degree of adoption and usage of basic financial services such as savings account, mode of remittance, credit, insurance have been studied during this research.

Determining whether a respondent is a “migrant” and therefore inclusion of their responses for the study, was deduced through responses to demographic questions in the questionnaire such as address of native place, occupation in native place and years in Delhi-NCR.

Pilot Study

A sample questionnaire was developed in consultation with a group of five experts consisting of academicians and financial services industry experts, to ensure reliability. The questionnaire has a combination of structured and unstructured and closed and open ended questions. The questionnaire has been divided into two broad sections which are as follows:

1. **Personal Details**: This section captures demographic details such as age, gender, education, family details, current profession, native place and years in Delhi-NCR.

2. **Financial Details**: This section deals with the financial aspects of the respondents such as family earnings pre and post-migration, savings behaviour, remittance modes, credit and insurance details, socio-economic aspects, pre and post-migration.

There are some questions that allow respondents to share their experiences and thoughts on the various aspects of their financial preferences, which are also important to the study, as actual user feedback and perceptions would play a significant role in determining success or failure of initiatives by the government for financial inclusion.

The questionnaire was developed to formalize queries and was administered in an interview method. All responses were individually collected after meeting and interviewing respondents who were administered the questionnaire mainly at their place of work such as offices and homes. All respondents were verbally asked for their consent before the questionnaire was administered. The questionnaire was administered in the vernacular medium (Bengali & Hindi) as a majority of the respondents were more comfortable with the same. Help of an interpreter in the case of interviewing migrants comfortable with Bengali, was taken after he was properly trained on the nuances of all the questions and how to record responses properly without any error while translation.

The pilot study was conducted on a sample of 35 respondents out of which 29 responses were considered as the others were found to have discrepancies. Data thus generated was then converted into mathematical scores across identified items. A total of 25 items across 29 respondents was generated and were checked for content validity using the "Cronbach alpha" method. A score of 0.812 indicated excellent validity, which did not require any changes to be made in the questionnaire.

Minor alterations were done before the questionnaire was finalized to make the language easier to understand to the respondents. The various financial parameters which further determined the financial preferences of the respondents were determined, and they are as follows:

i. Savings Account

ii. Remittances

iii. Credit

iv. Insurance.

v. Investments

Apart from studying the financial preferences, awareness of tools of financial inclusion models such as mobile banking, post bank, government insurance, and credit schemes were also analyzed in the course of the research.

Data Analysis & Interpretation

The data were analyzed using percentage analysis. A bar graph was constructed to analyse the data. The data were analyzed on the following points:

1. Gender and Age
2. Education and Region
3. Number of Years in Delhi and Primary Occupation
4. Bank account Holders
5. Family Monthly Income
6. Income Remitted/mode of remittance
7. Credit, Source of Credit and Insurance
8. Awareness

Gender and Age (Figure 1)

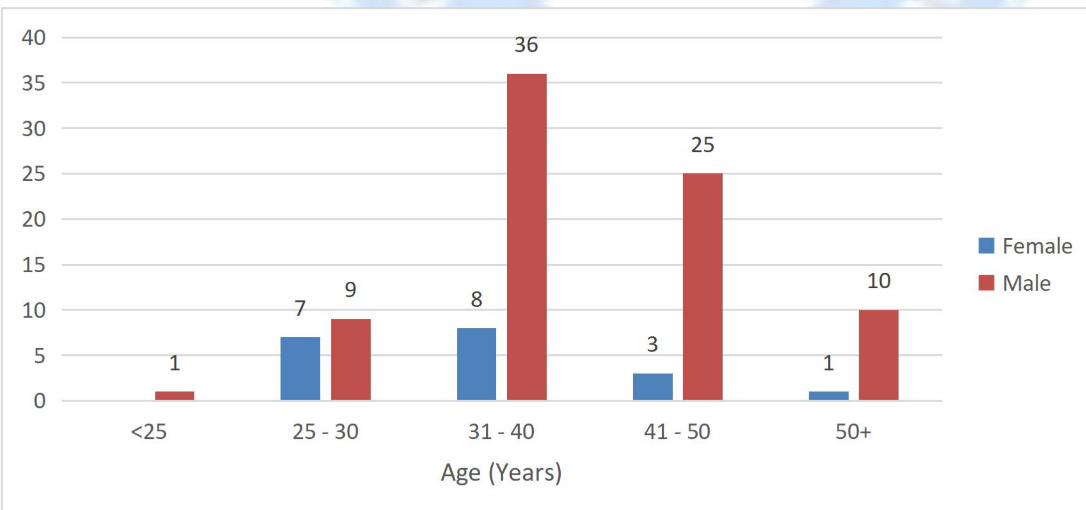

Figure 1: Gender and Age profile of respondents

81% of respondents interviewed were males and 19% females. It was also found that while 100% of female respondents were working for a monetary remuneration post migration, none of them were working (for remuneration) at their native place. Women are definitely contributing to family income as migrants, to the extent of even earning equal or sometimes more than their husbands / male family members. Another observation is that 100% of the females are engaged as domestic maids, while males typically can take on multiple jobs such as security guards, gardeners, and drivers. An interesting finding of the study is that 81% of the total respondents were below 50 years, which could possibly indicate that by the time they cross 50; most either migrate back or are no longer active.

Education and Region (Figure 2 a & 2 b)

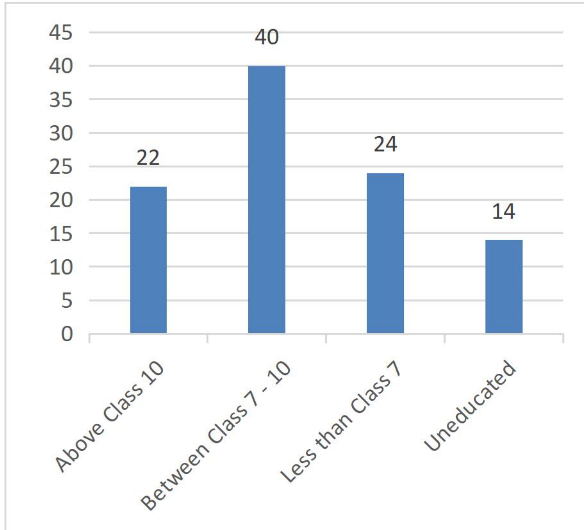

Figure 2 a: Education Break up

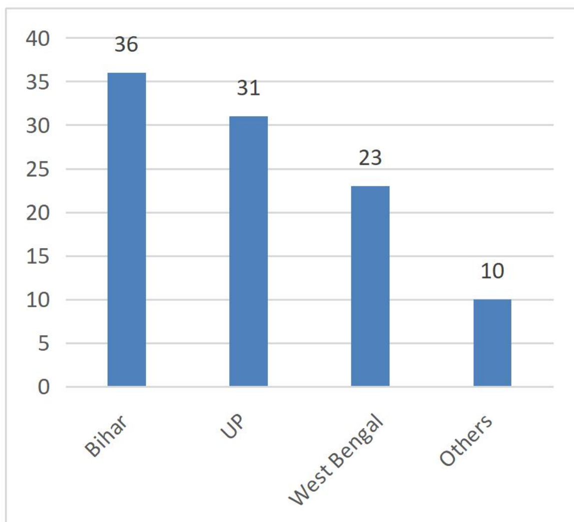

Figure 2 b: Region Break up

The study reveals that 78% of the respondents are educated below matriculation and do not have any vocational degree indicating low education and vocational levels. This, coupled with the fact that respondents, especially from Bengal, are unable to converse fluently even in Hindi, reduces their acceptability for jobs in the organized sector in the Delhi-NCR region. Also, 90% of the respondents are from Bengal, UP and Bihar, corroborating part of the finding of the Economic Survey of India (2017), which states that UP, MP, Punjab, Rajasthan, Uttarakhand, J&K & West Bengal are the sourcing states while main destination states are Delhi, Maharashtra, Tamil Nadu, Gujrat, AP, and Kerala.

Number of Years in Delhi and Primary Occupation (Figure 3 a & 3 b)

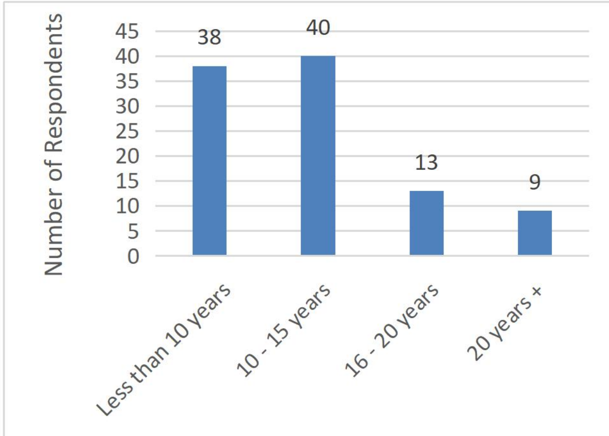

Figure 3 a: Number of Years in Delhi

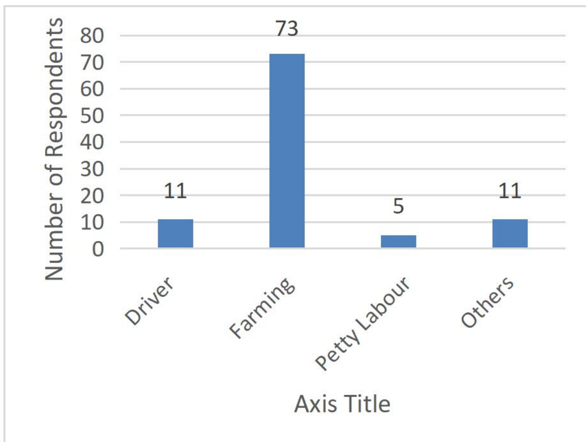

Figure 3 b: Primary Occupation

It is observed that 91% of migrants have been in Delhi-NCR for less than 20 years, reinforcing the earlier observation that most migrants either migrate back or retire from work at around 50 years of age. Further analysis of the responses, revels that the post migration family structure is nuclear, which could also imply that aged people are not migrating or once migrants reach an age of 50+, they go back to their native places. It is also aided by the fact that most of the migrants already have a homestead, at least in their villages and therefore prefer to go back once their productive years are over. A number of migrants have even utilized part of their earnings to build new "pucca" houses at their native places, which is also an incentive to go back. 73% of respondents stated farming as their primary occupation in their native place, which corroborates to a large extent, the study of Rao & Vamsi (2018) on agriculture distress leading to rural migration.

Bank Account Holders (Figure 4 a, 4 b & 4 c)

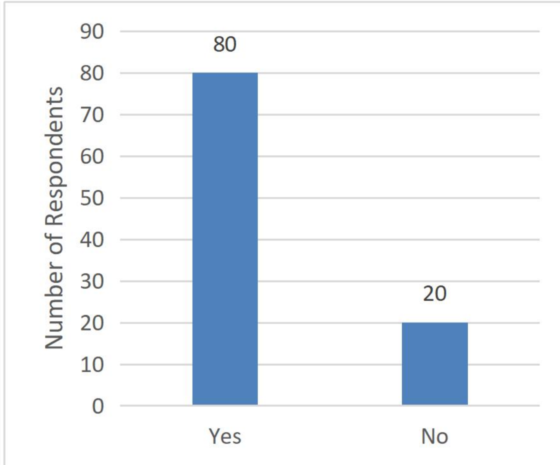

Figure 4 a: Bank Account holders

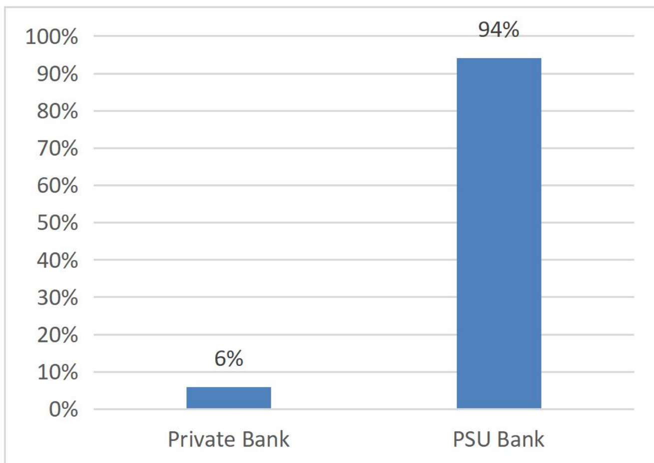

Figure 4 b: PSU vs Private Bank Accounts

The study shows that 80% of the respondents have a bank account in their name.An interesting fact is that 95% of these accounts are in a PSU Bank. This is either due to significantly higher efforts by the PSU banks to open accounts of these segments or that they are the default option chosen for better-perceived trust etc. Either way, it clearly gives the onus to the PSU banks to take the lead in taking initiatives to make this segment financially more inclusive. The fact that 20% of the respondents still do not have a basic savings account, even after possibly much better disposable incomes, and residing/working in areas with better accessibility to banking facilities, indicate to possibly deeper reasons which need to be addressed for financial inclusion initiatives to be successful. Feedbacks from respondents who do not have savings accounts include:

> "Feel no one listens to us in a bank."
> "Feel intimidated in a bank."

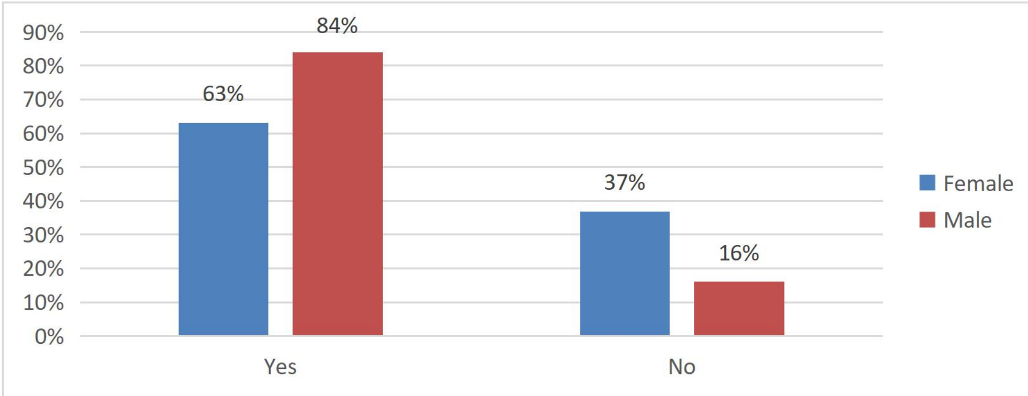

Figure 4 c: Gender wise % of account holders

Another observation from the study is that 37% of women do not have a bank account in their name, which is significantly higher than males which is at 16% and points towards lesser financial independence for women, even though they are the major contributors to the family income. It is felt that further studies can be done, especially in cases where respondents do not have savings account, which could give much better insights to reasons for not holding bank accounts.

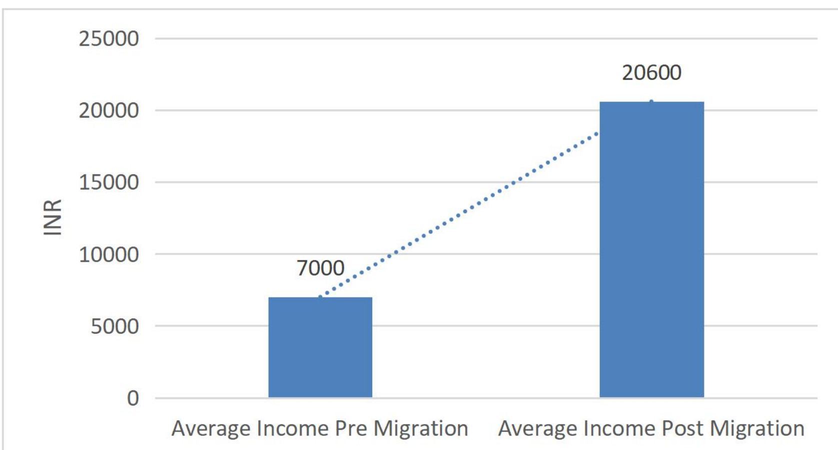

Figure 5: Family Monthly Income

The average scores for the sample indicate that the average income has gone up from ₹ 7000/- per month, when they were in their native place to approximately ₹ 20600/- per month, post-migration, an increase of almost 200%. This is made possible by a significant contribution of almost equal percentage by females in the family who take up jobs to supplement family incomes. As the majority of migrants surveyed had agriculture as their primary employment, income in their native place ran the risk of irregularity due to uncertain climatic conditions. Lack of non-agrarian job opportunities also significantly impacted sustainable income sources. Post-migration, even with the higher cost of living which is majorly on account of rent (it accounts for almost 25% of the average family income) and health costs, a majority of families are able to generate regular, sustainable incomes as well as some savings. Therefore, it is clear that from a bare subsistence existence, these migrants have firmly become a net surplus in income, which is for the first time in a couple of their previous generations. This is a hugely profound change in their basic socio-economic status, and to a large extent, provides them a degree of financial freedom that they have never experienced before.

Income remitted / mode of remittance (Figure 6)

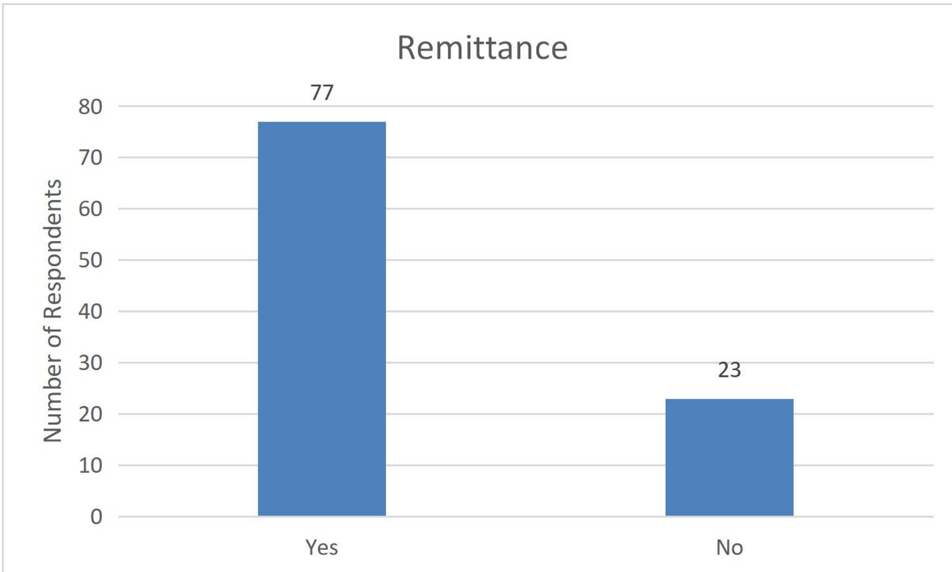

Figure 6: Remittance Behaviour

A significant proportion (77%) of respondents remitted some portion of their monthly income to their native place. Out of those who did not, most had their entire family together and had no specific reason to remit. One of the main reasons for migration was lack of sustainable income for the family and with a number of migrants having left their families at their native places, remittance for maintenance is a critical part of their monthly financial activity. In fact this is the most basic financial activity carried out by migrants, even if they do not have bank accounts. Average scores indicate that approximately 30% of the family income is remitted (average ₹ 6000/- out of average income of ₹ 20600/-). Analyzing responses, it is found that remittance using formal financial channels is merely 58% while informal channels contribute to 41% of the remittances. Analysis of some specific response's reveal:

1. A popular method of remittance is handing over cash to a local mobile recharge shop, a grocery shop owner, etc., who then deducts a commission and transfers the remaining amount through his bank account to the respondent's account at their native place. Costs mentioned by respondents ranged from ₹ 500 -1000/- per ₹ 10,000 as transfer amount.
2. The use of electronic transfer using internet banking, mobile banking or any other mode of digital transfer platform such as Paytm is negligible at 5% of total responses.

3. Reasons for remittance include aged parents, child education, building a new house, repayment of the old loan and child marriage.

Several reasons are cited for using informal channels such as they are "more convenient", are being used by "others in the community" even though informal channels are mostly much more expensive than formal bank remittances. Also, lack of education and discomfort to use the digital mode is a big hindrance towards migrants doing these transfers on their own.

Credit, Source of Credit and Insurance (Figure 7)

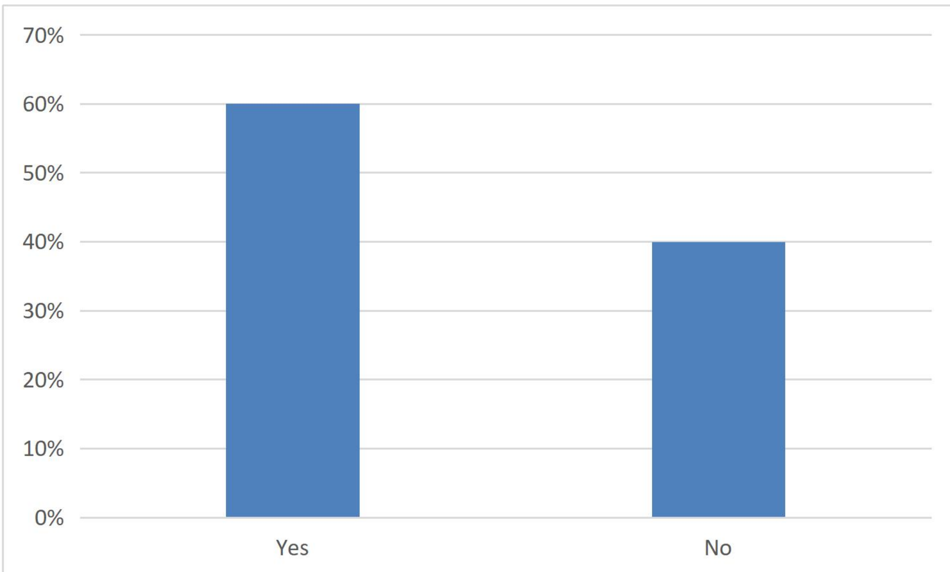

Figure 7: Credit, Source of Credit and Insurance

The study found that 60% of the respondents or their immediate family have availed some form of credit. A significant majority of respondents availed credit from informal means such as local money lenders, chit funds, from their employers. The rates they were charged at, ranged from 2- 5 % per month. Two respondents had availed credit from Bandhan Bank a new "Small Finance Bank" (SFB) with significant brand visibility in West Bengal (the respondents were also from West Bengal). This indicates a possible business opportunity for the SFB's as this segment would generally be a low-ticket size, low tenure, little or no documentary credit history and used to a relatively much higher cost of funds. We believe this a fit case for organized microfinance institutions and can be an area of further study.

Subscription to some sort of insurance is extremely poor with 24% respondents having insurance, which is another pointer to the significant potential this segment has especially to schemes such as government sponsored insurance schemes linked to "Jan Dhan" Savings accounts.

Awareness about various government schemes (Figure 8)

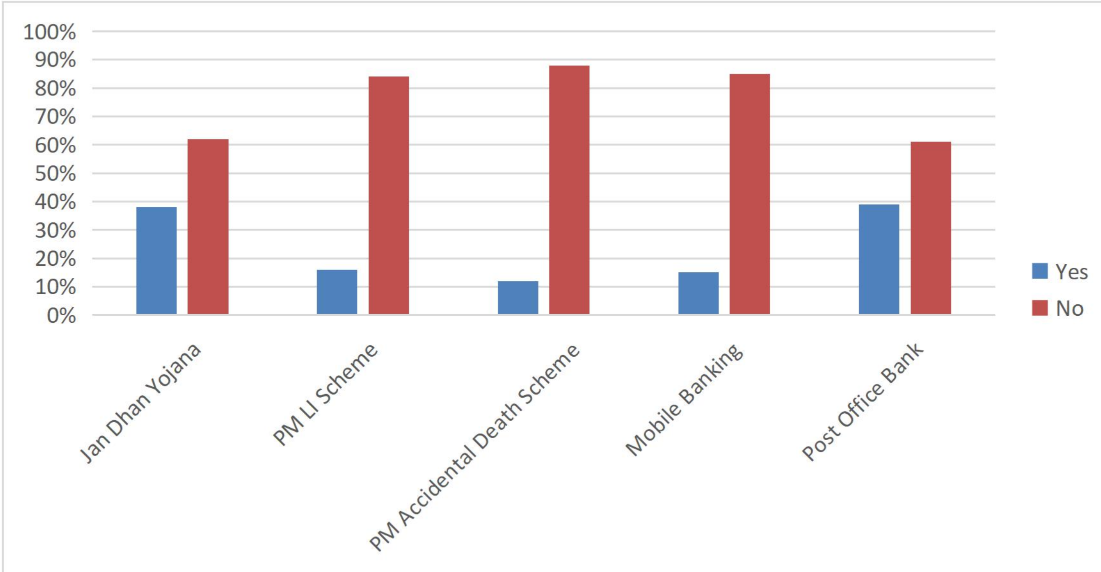

Figure 8: Awareness about various government schemes

Surprisingly, the awareness levels of various flagship government schemes such as "Pradhan Mantri Jan Dhan Yojana" (PMJDY) are low, considering it is the flagship scheme of the government for financial inclusion. Awareness of schemes associated with Jan Dhan Yojana such as "Pradhan Mantri Suraksha Bima Yojana" (Life Insurance Scheme), "Pradhan Mantri Jeevan Jyoti Yojana" (Accidental Death Scheme), are even lower at 16% and 12%, respectively. It is therefore, clear that financial literacy programmes at the grassroots level are very important and critical and need to be conducted on an ongoing basis. Awareness on mobile banking facilities is also very low which is contrary to the popular belief that mobile banking could be a "game-changer" for financial inclusion in India.

An interesting finding of the study is that awareness of post offices also functioning as banks are relatively high at 39%. This could be due to several factors, such as post offices being the provider for basic financial services like deposits, money transfer, etc. for a long time. It is also a fact that its distribution and visibility in the form of brick and mortar structures as well as employees is very high, especially in rural areas from where the migrants originate. This makes it worth evaluating the post office department as a viable channel for increasing financial inclusion. Respondents also expressed keenness to avail government insurance schemes, if someone is able to explain the same and make them adequately aware of the same, which raises the possibility of the banking correspondent model in urban areas.

CONCLUSION

Migration has helped increase the overall family income, with almost all migrants being net surplus in monthly incomes, which in some cases would be for the first time in their immediate past generations. Women are contributing significantly to the family's financial efforts to the extent that in a number of cases, their earnings are more than their male family members. Most migrant families (77%) remit a portion of their family income to their native place and scores indicate an average of almost 30% of the income being remitted. This clearly shows the better financial health of these migrant families, who mostly had a subsistence existence in their native place and now are firmly income surplus. However, a study of the financial preferences shows that usage of formal financial channels for transactions such as remittances is still low. Further, managing surpluses by opening savings accounts, subscription to credit and insurance, which are considered important parameters for financial inclusion, is low despite the fact that access to bank branches is significantly higher in urban areas. Awareness of various flagship government financial schemes such as PMJDY, and insurance schemes is also low as is knowledge on mobile banking techniques. Respondents, however, showed a reasonably high degree of awareness on post office being a bank and interest to avail various schemes such as insurance if they are made aware of the same. The fact that migrants are better adapters imbibe new and latest skills post-migration, make them potential change agents as "early adopters" who can then be emulated by others in their immediate communities. This makes them an extremely crucial segment to focus on the success of financial inclusion initiatives run by the government of India.

SUGGESTIONS

The findings of the study have highlighted important aspects of financial inclusion. Based on the findings, the suggestions for spreading financial inclusion are as follows:

- An interesting finding of the study is that most of the respondents are staying in regional groups in Delhi-NCR. It is therefore suggested that financial literacy programmes, especially in clusters where these migrants live, must be conducted on an on-going basis to make them financially aware and to help them make decisions. SFB's MFI's whose target customer base would be quite similar to migrant populations could take the lead in conducting these camps.
- It is further suggested to recruit and train local youths from within the migrant community on financial inclusion programmes to have better acceptability. Camps can then be conducted in regional languages at their local place of stay.
- A business model on the lines of the "banking correspondent" (BC) can also be considered. As the target audience is staying in clusters, and have the propensity to follow what the "early movers/adapters" do, a BC model could be a viable business model in an urban set up unlike in rural areas where the dispersion of the population is high.
- The use of post offices as a provider of basic financial services also looks to be a possible method of promoting financial inclusion amongst the migrants. The natural acceptability of post offices on the parameters of awareness, trust and distribution by migrants coupled with the recent setting up of "Post Bank" with one of the objectives being that of financial inclusion makes it one of the potential channels for financial inclusion programmes.

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