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Financial Inclusion of Migrant Female Labourers in Kerala: A Study with Special Reference to Ernakulam

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ABSTRACT: *India's growth has been always been characterized by regional and sectoral imbalances. Hence labour mobility from less developed regions to economically better-off regions within India is an inevitable phenomenon. The promise of higher wages and better work opportunities also draw migrants in large numbers from rural areas to urban locations. Such labour mobility is thus central to the growth of the Indian economy, which is largely driven by the service and industrial sectors. For several of these migrants, migration is a vulnerable and insecure process, yet it is a journey that they must undertake for survival. Yet within the discourse of financial inclusion of migrant workers, social protection measures for migrants and their unique social security requirements have largely been ignored. So what about the female migrants? The policies and development practices does not take into account the specific financial needs of female migrants and their households .Their needs are neither addressed by existing financial inclusion models nor adequately discussed in debates surrounding financial inclusion of migrants. This paper seeks to address this gap by trying to find answers to three key questions: (i) what are the economic risks that migrants face?; (ii) What are the specific financial needs of female labourers and (iii) Can targeted financial services aid in better management of the afore mentioned socio-economic risks?*
KEYWORDS: *Migration, female labourers, financial services , risk and return and financial inclusion*

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I. INTRODUCTION

India's economic growth has always been accompanied by regional and sectoral imbalances. Given the regional imbalances in growth however, labour mobility from less developed regions to economically better-off regions within India is an inevitable phenomenon. It is estimated that there are approximately 100 million circular migrants in India who leave their villages in search of livelihood opportunities elsewhere (Deshingkar and Akter 2009). The following factors compel the young workers to migrate to nearby cities and work in the informal economy

- Unfavorable conditions in agriculture,
- Insufficient employment opportunities
- promise of higher wages and better work opportunities

Majority of the internal migrants in India are engaged in the following

- construction industry,
- domestic work,
- textiles,
- brick-kilns,
- mines and quarries, a
- griculture, food processing and
- the hotel and restaurant business.

From this we can understand that labour mobility is thus central to the growth of the Indian economy, where service and industrial sectors contribute to a major share in the Indian Economy. For several of these migrants, migration is a vulnerable and insecure process, yet it is a journey that they must undertake for survival. In most cases such migration begins with an advance against wages so that the cash requirements of the migrant's family at source are met. The settlement of these advances however is often fraudulent. Furthermore, a large number of the migrants are unskilled and engage in high-risk occupations at destinations (Deshingkar et al. 2008) and yet very few are covered by formal insurance or pension services.

Hard physical work from a young leads to early retirement. They also have no formal access to pensions. Many of them do not have electoral or aadhar cards – this lack of identity creates a barrier in approaching formal financial institutions. Migrant households are also highly vulnerable due to the following

- Erratic incomes,
- settlements,
- unsecure remittances and
- limited access to saving instruments

These factors often result in ups and downs in sending money home and due to poor financial literacy the migrant households become highly vulnerable.

Government had started the Unorganized Workers' Social Security Act, 2008 to address the risk management needs of migrant workers. Swavalamban pension scheme and Swabhimaan financial inclusion programme are the two main programmes initiated . However their actual impact on social protection of migrant workers is still unclear. Given that nearly 91% of the workforce in India is in the unorganised sector (The Economist 2011), there are very limited social protection measures on offer by contractors and employers in the informal economy. The other initiatives by the government are

- no-frill accounts,
- the business correspondent model
- Remittance services by commercial banks and regional rural banks.

These programmes have attempted to provide migrants better financial inclusion services. However social protection measures for migrants and their unique social security requirements are not given due attention.Financial needs of migrant workers till date has been restricted to remittances and its impact on poverty and inequality. Yet the specific financial needs and risk management instruments for migrants and their households are not addressed by existing financial inclusion models or in debates on financial inclusion of migrants.

This paper seeks to address this gap with specific focus on female labourers .The targeted financial services are a critical element in enabling social protection of migrant populations. Section 2 describes the research question and methodology. Section 3 contains current discussions on social protection, financial inclusion and socioeconomic risks faced by migrants how they cope with them.

II. RESEARCH QUESTION & METHODOLOGY

This paper seeks to answer three key questions:
(i) what are the economic risks that migrants face?; (ii) What are the specific financial needs of female labourers and (iii) Can targeted financial services aid in better management of the afore mentioned socio-economic risks?
Areaof study : Ernakulam district (Kakkanad) of Kerala.
Detailed interviews were conducted with 117 female about their financial management practices, their risks and coping mechanisms adopted by them.

III. SOCIAL PROTECTION OF MIGRANT WORKERS AND TARGETED FINANCIAL SERVICES

International institutions like the ILO definition on social protection focuses on social insurance and extension of services to the informal sector, the World bank has conceptualised it in terms of risk management, while the ODI focuses on vulnerability, deprivation and the extreme poor (Sabates-Wheeler and Waite 2003: 5) . Unni and Rani (2002) however assert that the concept of social protection should also include economic security Sabates-Wheeler and Waite define it as measures undertaken "to reduce vulnerability and manage the risk of low-income individuals, households and communities with regard to basic consumption and social services" (2003: 5). They provide a conceptual framework on social protection of migrant workers. In addition to the promotive, preventive and protective definitions of social protection, they also highlight transformative measures for social protection, both formal and informal. These transformative measures aim to alter the bargaining power of certain groups in society and focus on empowerment and rights as well (ibid). While they also viewed migration in itself as a form of social protection, this paper will focus on social protection for migrants as defined by Sabates-Wheeler and Waite (2003).

IV. DEBATES SURROUNDING FINANCIAL INCLUSION OF MIGRANTS

Migrant populations whether internal or external are an economically active group. The extend of internal migration is very high in India. Hence , the inclusion of this group in the formal financial system is important. India has the second largest domestic remittance market in the world (Tumbe 2011). It is also estimated that of the total domestic remittance flows in India only 30% are routed through formal channels. Most rural households use these in consumption expenditure and loan repayments, a small proportion of the migrant households in rural areas also utilize income from migration in asset creation, savings and investment or towards mitigating various socio-economic risks (Thorat and Jones 2011; Tumbe 2011; Deshingkar et al. 2008). The synthesis report on remittance needs and opportunities in India commissioned by GIZ and NABARD (Thorat and Jones 2011) studied four key migration corridors in the country and their linkages to bank accounts.

The study revealed that 86% of respondents in the Rajasthan-Gujarat migration corridor did not have bank accounts and of the remaining, 10% had bank accounts that were no longer being used.

Furthermore migrants illiteracy and in some cases insensitive bank employees makes it difficult to approach the banks. So how do we estimate the demand of financial services from migrant communities? Financial services for migrant workers is often unnoticed i.e targeted financial services designed and delivered in unique ways for migrant workers is yet to take the lead in the discussions. Lack of risk mitigating and wealth building financial services is the key source of vulnerability of migrants. " migration due to relatively lower labour mobility and lower returns to migration been widely recognized that it is not the poorest of the poor who migrate" (Tumbe 2008),

Nearly 25 lakhs migrant labourers are working in Kerala having a population of 3.33 crore and their numbers are growing at an incredible pace of 10 per cent annually.

Table 4.1 Awareness of female migrant labourers on financial services

	AWARE	UNAWARE	PERCENTAGE
MALES	30(26%)	87(74%)	100
FEMALES	6(5%)	111 (95%)	100

Source : primary survey

Table 4.2 Accsess to banks

	ACCESSIBLE	UNACCESSIBLE	PERCENTAGE
MALES	12(26%)	105(74%)	100
FEMALES	1(1%)	116 (99%)	100

Source : primary survey

Sixty percent of the migrant workers had taken loans from money lenders and are victims of fraudulent practices .

Table 4.3 Females with bank account

	ACCOUNT HOLDERS	OTHERS	PERCENTAGE
MALES	26(23%)	91(77%)	100
FEMALES	8(6%)	109 (94%)	100

Source : primary survey

Table 4.4 Account usage

	ACCOUNT USAGE		PERCENTAGE
	BELOW 10%	ABOVE 10%	
MALES	3(11%)	23(89%)	100
FEMALES	6(75%)	2 (25%)	100

Source : primary survey

Table 4.5 ATM usage

	ATM USAGE		PERCENTAGE
	BELOW 10%	ABOVE 10%	
MALES	1(1%)	116(99%)	100
FEMALES	3(37.5%)	5 (62.5%)	100

Source : primary survey

- Knowledge of government schemes for migrant labourers is only less than two percentage for females .Banks can handle core infrastructure and services while intermediaries or Business Correspondents (BC's) will be the executors dealing with end-users i.e the migrants. The Business Correspondents (BC's) shall be carrying handheld terminals like Tablets (GSM enabled) coupled with portable biometric scanner, smart card swipe machines as well as thermal Bluetooth printers for carrying out their online banking activities on the field. Authentication and customer information is provided by the UIDA through NPCI or NSDL once the institution becomes an authorized UIDAI user. However the migrants are wary of these officials and as such these schemes need longer gestation periods.
- Absence of social protection measures – ESI – GPF – Leave – Creche – Other benefits
- Exploitation/ Harassment by employers/contractors
- Lack of protective wears
- Fluid wages, lower than local workers
- Dependent on contractor/employer
- Limited negotiation skills

These are some of the other problems faced by them.

V. WHY FINANCIAL INCLUSION ?

Despite India boasting economic growth rates higher than most developed countries in recent years, a majority of the country's population still remains unbanked. Financial Inclusion is a relatively new socio-economic phenomenon .It aims at providing financial services at affordable costs to the underprivileged. For inclusive development and growth, the expansion of financial services to all sections of society is of utmost importance. Financial inclusion in the rural as well as financially backward pockets of cities will bring in distributional equity and equitable growth and development. As income levels and consequently, savings in rural areas increase, it is essential to help earners manage their funds and facilitate incoming and outgoing payments. Allowing people to create simple, no-frills current and savings accounts, relaxing KYC norms and directly crediting social benefits to account owners will bolster an inclusive approach to finance & banking in rural areas.

Financial inclusion of the unbanked masses is a critical step that requires political will, bureaucratic support and constant pressure by the RBI. It is expected to unleash the hugely untapped potential of the bottom-of-pyramid section of Indian economy.

5.1 Benefits of financial inclusion:

- The rural masses will get access to banking - cash receipts, cash payments, balance enquiry and statement of account can be completed using fingerprint authentication. The confidence of fulfilment is provided by issuing an online receipt to the customer.
- Reduction in cash economy.
- It develops saving habit which will lead to better capital formation and giving it an economic growth.
- Direct cash transfers to beneficiary bank accounts ensure that the funds actually reach the intended recipients instead of being cheated.
- Availability of adequate and transparent credit from banks will develop entrepreneurial skills

VI. CONCLUSION

Thus financial inclusion can tigger off growth and prosperity. In the 21st century, India has been framing policies and schemes for better financial inclusion and economic citizenship. However India's journey towards economic ascension relies on how the 65% unbanked population of India (conservative 2012 estimate by World Bank) is enabled with financial infrastructure. And more importantly how the female and male migrant workers are brought under the financial net.

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